

**ICTC Exhibit 2.12**

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CREDIT AGREEMENT

DATED AS OF \_\_\_\_\_, 2002

By and Among

CONSOLIDATED COMMUNICATIONS, INC.

as Borrower,

COBANK, ACB,

as Administrative Agent and a Lender,

\_\_\_\_\_,

as Co-Syndication Agent and a Lender,

\_\_\_\_\_,

as Co-Syndication Agent and a Lender,

\_\_\_\_\_,

as Documentation Agent and a Lender,

and

the other Lenders referred to herein

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## **CREDIT AGREEMENT**

This **CREDIT AGREEMENT** is entered into as of \_\_\_\_\_, 2002, among **CONSOLIDATED COMMUNICATIONS, INC.**, an Illinois corporation ("Borrower"), **COBANK, ACB** (in its individual capacity, "CoBank"), in its capacity as Administrative Agent and as a Lender, \_\_\_\_\_, in its capacity as Co-Syndication Agent and as a Lender, \_\_\_\_\_, in its capacity as Co-Syndication Agent and as a Lender, \_\_\_\_\_, in its capacity as Documentation Agent and as a Lender, and such other Lenders as may become a party to this Agreement from time to time. Capitalized terms used and not otherwise defined herein shall have the meanings given to them in Section 10.1 of this Agreement.

### **R E C I T A L S:**

WHEREAS, Borrower desires that Lenders extend to Borrower (a) two term loan facilities, the proceeds of which shall be available to (i) finance no more than seventy-five percent (75%) of the purchase price of the acquisition by Borrower of (A) all of the issued and outstanding shares of the capital stock of Illinois Consolidated Telephone Company, McLeodUSA Public Services, Inc. and Consolidated Market Response, Inc. and (B) the Purchased Assets (as defined in the Acquisition Agreement) (collectively, the "Acquisition"), (ii) refinance certain existing Indebtedness of Illinois Consolidated Telephone Company and (iii) finance certain costs associated with the Facilities and the Acquisition, and (b) a revolving loan facility, the proceeds of which shall be available to provide funds for general corporate purposes of Borrower and its Subsidiaries, including, without limitation, their respective working capital needs; and

WHEREAS, Borrower intends to secure all of its Obligations under the Loan Documents by granting to Administrative Agent, for the benefit of Administrative Agent and Lenders, a first priority security interest in and lien upon substantially all of its now owned or hereafter acquired real and personal property; and

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

### **SECTION 1**

#### **AMOUNTS AND TERMS OF FACILITIES**

1.1 **Facilities.** Subject to the terms and conditions of this Agreement and in reliance upon the representations, warranties and covenants of Borrower and Guarantors contained herein and in the other Loan Documents:

(A) **Term A Loan.** Each Lender, severally and not jointly, agrees to lend to Borrower, on the Closing Date, its Pro Rata Share of the Term A Loan Commitment; provided all conditions precedent

set forth in Subsections 7.1 and 7.2 are satisfied or waived. Amounts borrowed under this Subsection 1.1(A) that are repaid or prepaid may not be reborrowed.

(B) Term B Loan. Each Lender, severally and not jointly, agrees to lend to Borrower, on the Closing Date, its Pro Rata Share of the Term B Loan Commitment, provided all conditions precedent set forth in Subsections 7.1 and 7.2 are satisfied or waived. Amounts borrowed under this Subsection 1.1(B) that are repaid or prepaid may not be reborrowed.

(C) Revolving Loans. Each Lender, severally and not jointly, agrees to lend to Borrower, during the period commencing on the later of (i) the day succeeding the Closing Date and (ii) the date all conditions precedent set forth in Subsections 7.1 and 7.2 are satisfied or waived and ending on the Business Day immediately preceding the Revolving Loan Expiration Date, its Pro Rata Share of each Revolving Loan; provided, further, that at any one time the aggregate principal amount of all Revolving Loans outstanding may not exceed the Revolving Loan Commitment. Within the limits of and subject to the Revolving Loan Commitment, this Subsection 1.1(C) and Subsections 1.6, 1.7 and 1.8, amounts borrowed under this Subsection 1.1(C) may be repaid and reborrowed at any time prior to the Revolving Loan Expiration Date.

(D) Notes. Borrower shall execute and deliver to each Lender a Term A Note, dated the Closing Date, in the principal amount of such Lender's Pro Rata Share of the Term A Loan Commitment, a Term B Note, dated the Closing Date, in the principal amount of such Lender's Pro Rata Share of the Term B Loan Commitment, and a Revolving Note, dated the Closing Date, in the principal amount of such Lender's Pro Rata Share of the Revolving Loan Commitment.

(E) Advances. Loans shall be made available by wire transfer of immediately available funds. Wire transfers will be made to such account or accounts as may be authorized by Borrower. Advances under the Term Loan Facilities shall be available only on the Closing Date.

## 1.2 Interest.

(A) Interest Options. From the date each Loan is made, based upon Borrower's election at such time and from time to time thereafter (as provided in Subsection 1.3 and subject to the conditions set forth in such Subsection and Subsection 1.2(C)), each Loan shall accrue interest as follows:

(1) as a Base Rate Loan, at the sum of the Base Rate plus the Base Rate Margin applicable from time to time as provided in Subsection 1.2(B); or

(2) as a LIBOR Loan, for the applicable Interest Period (as defined in Subsection 1.2(C)), at the sum of LIBOR plus the LIBOR Margin applicable on the first day of the applicable Interest Period or as applicable from time to time as otherwise provided in the proviso in the second sentence of Subsection 1.2(B).

Except as otherwise provided in Subsections 1.2(E) and 6.6, interest on all other Obligations shall accrue at the Base Rate plus 3.0% per annum.

(B) Applicable Margins. Initially, and continuing through the day immediately preceding the first Adjustment Date occurring on or after **[DATE SIX MONTHS AFTER CLOSING DATE]**, 2003, on which Borrower demonstrates that a change in the Base Rate Margin and the LIBOR Margin is warranted and requests such change in writing, (i) the applicable Base Rate Margin and LIBOR Margin shall be 2.750% and 3.750% per annum, respectively, for the Revolving Loans and the Term A Loan and (ii) 3.0% and 4.0% per annum, respectively, for the Term B Loan. Commencing on such Adjustment Date, the applicable Base Rate Margin and LIBOR Margin shall be for each Calculation Period the applicable per annum percentage set forth in the pricing tables below opposite the Total Leverage Ratio of Borrower; provided, that effective upon the occurrence of an Event of Default and until such Event of Default is cured or waived, the applicable Base Rate Margin and LIBOR Rate Margin shall be 2.750% and 3.750% per annum, respectively, for the Revolving Loans and the Term A Loan and 3.0% and 4.0% per annum, respectively, for the Term B Loan.

PRICING TABLE

Revolving Loans and Term A Loan

Total Leverage Ratio	Base Rate Margin	LIBOR Margin
= 4.50:1.0	2.750%	3.750%
= 4.0:1.0 < 4.50:1.0	2.50%	3.50%
= 3.50:1.0 < 4.0:1.0	2.250%	3.250%
< 3.50:1.0	2.0%	3.0%

Term B Loan

Total Leverage Ratio	Base Rate Margin	LIBOR Margin
= 4.50:1.0	3.0%	4.0%
= 4.0:1.0 < 4.50:1.0	2.750%	3.750%
= 3.50:1.0 < 4.00:1.0	2.50%	3.50%
< 3.50:1.0	2.250%	3.250%

(C) Interest Periods. Each LIBOR Loan may be obtained for a one (1), two (2), three (3) or six (6) month period (each such period being an “Interest Period”). With respect to all LIBOR Loans:



(i) the Interest Period will commence on the date that any LIBOR Loan is made or the date on which any portion of the Base Rate Loan is converted into a LIBOR Loan, or, in the case of immediately successive Interest Periods, each successive Interest Period shall commence on the day on which the immediately preceding Interest Period expires;

(ii) if the Interest Period would otherwise expire on a day that is not a Business Day, then it will expire on the next Business Day; provided, that if any Interest Period would otherwise expire on a day that is not a Business Day and such day is a day of a calendar month after which no further Business Day occurs in such month, such Interest Period shall expire on the Business Day next preceding such day;

(iii) any Interest Period that begins on the last Business Day of a calendar month or on a day for which there is no numerically corresponding day in the last calendar month in such Interest Period shall end on the last Business Day of the last calendar month in such Interest Period; and

(iv) no Interest Period shall be selected for any LIBOR Loan if, in order to make repayments required pursuant to Subsection 1.6(D) in connection with scheduled reductions of the Revolving Loan Commitment pursuant to Subsection 1.6(A)(3), or in order to make scheduled repayments of the Term Loans required pursuant to Subsections 1.6(A)(1) and 1.6(A)(2), repayment of all or any portion of such Loan prior to the expiration of such Interest Period would be necessary.

(D) Calculation and Payment. Interest on LIBOR Loans and all other Obligations and the amount of any fees set forth in Subsection 1.4 shall be calculated on the basis of a three hundred sixty (360) day year for the actual number of days elapsed. Interest on the Base Rate Loans shall be calculated on the basis of a three hundred sixty-five or -six (365-6) day year for the actual number of days elapsed. The date of funding or conversion to a Base Rate Loan and the first day of an Interest Period with respect to a LIBOR Loan shall be included in the calculation of interest. The date of payment of any Loan and the last day of an Interest Period with respect to a LIBOR Loan shall be excluded from the calculation of interest; provided, if a Loan is repaid on the same day that it is made, one (1) day's interest shall be charged.

Interest accruing on the Base Rate Loan is payable in arrears on each of the following dates or events: (i) the last day of each calendar quarter; (ii) the prepayment of such Loan (or portion thereof); and (iii) the applicable Maturity Date or the Revolving Loan Expiration Date, as the case may be, whether by acceleration or otherwise. Interest accruing on each LIBOR Loan is payable in arrears on each of the following dates or events: (i) the last day of each applicable Interest Period; (ii) if the Interest Period is longer than three (3) months, on each three-month anniversary of the commencement date of such Interest Period; (iii) the prepayment of such Loan (or portion thereof); and (iv) the applicable Maturity Date or the Revolving Loan Expiration Date, as the case may be, whether by acceleration or otherwise.

(E) Default Rate of Interest. At the election of Administrative Agent or Requisite Lenders, after the occurrence of an Event of Default and for so long as it continues, all Loans and other Obligations shall bear interest at rates that are two percent (2.0%) in excess of the rates otherwise in effect, including, without limitation, rates in effect pursuant to the proviso in the second sentence of Subsection 1.2(B), with respect to such Loans and other Obligations.

(F) Excess Interest. Notwithstanding anything to the contrary set forth herein, the aggregate interest, fees and other amounts required to be paid by Borrower to Lenders or any Lender hereunder are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of maturity of the Indebtedness evidenced hereby or otherwise, shall the amount paid or agreed to be paid to Lenders or any Lender for the use or the forbearance of the Indebtedness or Obligations evidenced hereby exceed the maximum permissible under Applicable Law. If under or from any circumstances whatsoever, fulfillment of any provision hereof or of any of the other Loan Documents at the time of performance of such provision shall be due shall involve exceeding the limit of such validity prescribed by Applicable Law, then the obligation to be fulfilled shall automatically be reduced to the limit of such validity and if under or from circumstances whatsoever Lenders or any Lender should ever receive as interest any amount which would exceed the highest lawful rate, the amount of such interest that is excessive shall be applied to the reduction of the principal balance of the Obligations evidenced hereby and not to the payment of interest. Additionally, should the method used for calculating interest (i.e., using a 360 day year) be unlawful, such calculation method shall be automatically changed to a 365 day year or such other lawful calculation method as is reasonably acceptable to Administrative Agent. This provision shall control every other provision of this Agreement and all provisions of every other Loan Document.

(G) Selection, Conversion or Continuation of Loans; LIBOR Availability. Provided that no Default or Event of Default has occurred and is then continuing, Borrower shall have the option to (i) select all or any part of a new borrowing to be a LIBOR Loan (a) under either of the Term Loan Facilities, in a principal amount equal to \$5,000,000 or any whole multiple of \$1,000,000 in excess thereof, and (b) under the Revolving Loan Facility, in a principal amount equal to \$1,000,000 or any whole multiple of \$500,000 in excess thereof, (ii) convert at any time all or any portion of a Base Rate Loan (a) under either of the Term Loan Facilities, in a principal amount equal to \$5,000,000 or any whole multiple of \$1,000,000 in excess thereof into a LIBOR Loan, and (b) under the Revolving Loan Facility, in a principal amount equal to \$1,000,000 or any whole multiple of \$500,000 in excess thereof, (iii) upon the expiration of its Interest Period, convert all or any part of any LIBOR Loan into a Base Rate Loan, and (iv) upon the expiration of its Interest Period, continue any LIBOR Loan (a) under either of the Term Loan Facilities, in a principal amount of \$5,000,000 or any whole multiple of \$1,000,000 in excess thereof into one or more LIBOR Loans in a principal amount of \$5,000,000 or any whole multiple of \$1,000,000 in excess thereof and (b) under the Revolving Loan Facility, in a principal amount equal to \$1,000,000 or any whole multiple of \$500,000 in excess thereof into one or more LIBOR Loans in a principal amount of \$1,000,000 or any whole multiple of \$500,000 in excess thereof, for such new Interest Period(s) as selected by Borrower. Each LIBOR Loan may be made under either one of the Term Loan Facilities or the Revolving Loan Facility, but may not be made under more than one Facility concurrently. During any period in which any Default or Event of Default is continuing, as the Interest Periods for LIBOR Loans then in effect expire, such Loans shall be converted into a Base Rate Loan and the LIBOR option will not be available to Borrower.

until all Defaults and Events of Default are cured or waived. In the event Borrower fails to elect a LIBOR Loan upon any advance hereunder or upon the termination of any Interest Period, Borrower shall be deemed to have elected to have such amount constitute a Base Rate Loan. Notwithstanding the foregoing, there may be no more than an aggregate of five (5) LIBOR Loans outstanding under the Term Loan Facilities at any one time and no more than an aggregate of three (3) LIBOR Loans outstanding under the Revolving Loan Facility at any one time.

1.3 Notice of Borrowing, Conversion or Continuation of Loans.

Whenever Borrower desires to request a Loan pursuant to Subsection 1.1 or to convert or continue Base Rate or LIBOR Loans pursuant to Subsection 1.2(G), Borrower shall give Administrative Agent irrevocable prior written notice in the form attached hereto as Exhibit 1.3 (a “Notice of Borrowing/Conversion/Continuation”) not later than 11:00 a.m. (Denver time), three (3) Business Days before the proposed borrowing, conversion or continuation is to be effective. Each Notice of Borrowing/Conversion/Continuation shall specify (a) the Loan (or portion thereof) to be converted or continued and, with respect to any LIBOR Loan to be converted or continued, the last day of the current Interest Period therefor, (b) the effective date of such borrowing, conversion or continuation (which shall be a Business Day), (c) the principal amount of such Loan to be borrowed, converted or continued, (d) the Interest Period to be applicable to any new LIBOR Loan, and (e) the Facility under which such borrowing, conversion or continuation is to be made. Administrative Agent shall give each Lender prompt written notice of any Notice of Borrowing/Conversion/Continuation given by Borrower.

1.4 Fees and Expenses.

(A) Revolving Loan Commitment Fee. From the Closing Date, Borrower shall pay Administrative Agent, for the benefit of all Lenders (based upon their respective Pro Rata Shares of the Revolving Loan Commitment), a fee in an amount equal to (i) the Revolving Loan Commitment less the average daily outstanding balance of Revolving Loans during the preceding calendar quarter multiplied by (ii) 0.50% per annum. Such fee is to be paid quarterly in arrears on the last day of each calendar quarter for such calendar quarter (or portion thereof), with the final such payment due on the Revolving Loan Expiration Date.

(B) Certain Other Fees. Borrower shall pay the fees specified in that certain fee letter, dated July 16, 2002, between Borrower and Administrative Agent, at such times and to such Persons as specified in such fee letter.

(C) Breakage Fee. Upon any repayment or payment of a LIBOR Loan on any day that is not the last day of the Interest Period applicable thereto (regardless of the source of such repayment or prepayment and whether voluntary, mandatory, by acceleration or otherwise), Borrower shall pay Administrative Agent, for the benefit of all affected Lenders, an amount (the “Breakage Fee”) equal to the amount of any losses, expenses and liabilities (including any loss (including interest paid) sustained by each such affected Lender in connection with the re-employment of such funds) that any such affected Lender may sustain as a result of the payment of such LIBOR Loan on such day.

(D) Expenses and Attorneys Fees. In addition to fees due under Subsections 1.4(A) and 1.4(B), Borrower agrees to pay promptly all reasonable out-of-pocket fees, costs and expenses (including those of attorneys) incurred by each of Administrative Agent and Lenders in connection with (i) any matters contemplated by or arising out of the Loan Documents, and (ii) the continued administration of the Loan Documents, including any such fees, costs and expenses incurred in perfecting, maintaining, determining the priority of and releasing any security, any tax payable in connection with any Loan Documents and any amendments, modifications and waivers. In addition to fees due under Subsections 1.4(A) and (B), Borrower shall also reimburse on demand each of Administrative Agent and Lenders for their out-of-pocket expenses (including reasonable attorneys' fees and expenses and syndication costs and expenses) incurred in connection with the transactions contemplated herein. Borrower agrees to pay promptly all reasonable out-of-pocket fees, costs and expenses incurred by each of Administrative Agent and Lenders in connection with any amendment, supplement, waiver or modification of any of the Loan Documents, any Default or Event of Default and any enforcement of collection proceeding resulting therefrom or any workout or restructuring of any of the transactions hereunder or contemplated thereby or any action to enforce any Loan Document or to collect any payments due from Borrower. All fees, costs and expenses for which Borrower is responsible under this Subsection 1.4(D) shall be deemed part of the Obligations when incurred, payable upon demand and in accordance with the second paragraph of Subsection 1.5 and secured by the Collateral.

1.5 Payments. All payments by Borrower of the Obligations shall be made in same day funds and delivered to Administrative Agent, for the benefit of Administrative Agent and Lenders, as applicable, by wire transfer to the following account or such other place as Administrative Agent may from time to time designate:

CoBank, ACB  
Greenwood Village, Colorado  
ABA Number 3070-8875-4  
Reference: CoBank for the benefit of Consolidated Communications, Inc.

Borrower shall receive credit on the day of receipt for funds received by Administrative Agent by 11:00 a.m. (Denver time) on any Business Day. Funds received on any Business Day after such time shall be deemed to have been paid on the next Business Day. Whenever any payment to be made hereunder shall be stated to be due on a day that is not a Business Day, the payment shall be due on the next succeeding Business Day and such extension of time shall be included in the computation of the amount of interest and fees due hereunder.

Following an Event of Default, Borrower authorizes Lenders to make (but Lenders shall not be obligated to make) a Base Rate Loan under the Revolving Loan Facility, on the basis of their respective Pro Rata Shares of the Revolving Loan Commitment, for the payment of interest, commitment fees and Breakage Fees. Prior to an Event of Default, other fees, costs and expenses (including those of attorneys) reimbursable pursuant to Subsections 1.4(A), 1.4(B) and 1.4(D) or elsewhere in any Loan Document may be debited to a Base Rate Loan under the Revolving Loan Facility after fifteen (15) days' notice. After the occurrence of an Event of Default, any such other fees, costs and expenses may be debited to a Base Rate Loan under the Revolving Loan Facility without notice.

To the extent Borrower or any Guarantor makes a payment or payments to Administrative Agent for the ratable benefit of Lenders or for the benefit of Administrative Agent in its individual capacity, which payments or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, or any combination of the foregoing (whether by demand, litigation, settlement or otherwise) then, to the extent of such payment or proceeds repaid, the Obligations or part thereof intended to be satisfied shall be revived and continued in full force and effect as if such payment or proceeds had not been received by Administrative Agent.

Each payment received by Administrative Agent under this Agreement or any Note for account of any Lender shall be remitted by Administrative Agent to such Lender promptly after Administrative Agent's receipt thereof, and such remittance shall be made in immediately available funds for the account of such Lender for the Loans or other obligation in respect of which such payment is made.

1.6 Repayments and Reduction of Term Loans and Revolving Loan Commitment and Related Mandatory Repayments.

(A) Scheduled Repayments of Term Loans and Scheduled Reductions of Revolving Loan Commitment.

(1) Term A Loan. Commencing on March 31, 2003, in addition to any payments made pursuant to Subsection 1.7, Borrower shall repay the aggregate outstanding principal balance of the Term A Loan on each date set forth below in the amount set forth opposite such date:

<u>Dates of Repayment</u>	<u>Quarterly Payment Amount</u>
March 31, 2003, June 30, 2003, September 30, 2003, and December 31, 2003	\$2,400,000
March 31, 2004, June 30, 2004, September 30, 2004, and December 31, 2004	\$2,400,000
March 31, 2005, June 30, 2005, September 30, 2005, and December 31, 2005	\$2,550,000
March 31, 2006, June 30, 2006, September 30, 2006, and December 31, 2006	\$3,450,000
March 31, 2007, June 30, 2007, September 30, 2007, and December 31, 2007	\$3,600,000
March 31, 2008, June 30, 2008, September 30, 2008, and December 31, 2008	\$3,900,000

March 31, 2009, June 30, 2009, September 30, 2009, and December 31, 2009	\$4,200,000
March 31, 2010, June 30, 2010, September 30, 2010, and December 31, 2010	\$4,800,000
March 31, 2011, and June 30, 2011	\$5,400,000

All repayments of the Term A Loan pursuant to this Subsection 1.6(A)(1) shall be applied in accordance with Subsection 1.8, and shall be accompanied by accrued interest on the amount repaid and any applicable Breakage Fees.

(2) Term B Loan. Commencing March 31, 2004, in addition to any payments made pursuant to Subsection 1.7, Borrower shall repay the aggregate outstanding principal balance of the Term B Loan on each date set forth below in the amount set opposite such date:

<u>Dates of Repayment</u>	<u>Quarterly Payment Amount</u>
March 31, 2004, June 30, 2004, September 30, 2004, and December 31, 2004	\$175,000
March 31, 2005, June 30, 2005, September 30, 2005, and December 31, 2005	\$350,000
March 31, 2006, June 30, 2006, September 30, 2006, and December 31, 2006	\$525,000
March 31, 2007, June 30, 2007, September 30, 2007, and December 31, 2007	\$875,000
March 31, 2008, June 30, 2008, September 30, 2008, and December 31, 2008	\$1,400,000
March 31, 2009, June 30, 2009, September 30, 2009, and December 31, 2009	\$1,750,000
March 31, 2010, June 30, 2010, September 30, 2010, and December 31, 2010	\$1,750,000
March 31, 2011, and June 30, 2011	\$1,750,000
September 30, 2011, December 31, 2011, March 31, 2012, June 30, 2012, and September 30, 2012	\$7,840,000

All repayments of the Term B Loan pursuant to this Subsection 1.6(A)(2) shall be applied in accordance with Subsection 1.8, and shall be accompanied by accrued interest on the amount repaid and any applicable Breakage Fees.

(3) Revolving Loan Commitment. Commencing on June 30, 2009, the Revolving Loan Commitment shall be permanently reduced on each date shown below in an amount set forth opposite each such date (which reductions shall be in addition to those provided for in Subsections 1.6(B) and 1.6(C)):

<u>Dates of Revolving Loan Commitment Reduction</u>	<u>Amount of Reduction Revolving Loan Commitment</u>
June 30, 2009	\$1,666,666.50
June 30, 2010	\$1,666,666.50
June 30, 2011	\$1,666,667.00

(B) Reductions Resulting From Mandatory Repayments. The Revolving Loan Commitment also shall be permanently reduced to the extent and in the amount that Borrower is required, pursuant to Subsection 1.8, to apply mandatory repayments to be made pursuant to Subsection 1.7(B), (C), (D) or (E) to the Revolving Loan Facility (whether or not any Revolving Loans are then outstanding and available to be repaid). All reductions provided for in this Subsection 1.6(B) shall be in addition to (and shall not serve to reduce the amount or date of) the scheduled reductions provided for in Subsection 1.6(A)(3) and the voluntary reductions provided for in Subsection 1.6(C) and, accordingly, may result in the termination of the Revolving Loan Commitment prior to the date set forth in clause (iii) of the definition of the term "Revolving Loan Expiration Date."

(C) Voluntary Reduction of Revolving Loan Commitment. Borrower shall have the right, upon at least three (3) Business Days' prior written notice to Administrative Agent, to permanently reduce the then unused portion of the Revolving Loan Commitment. Each reduction shall be in a minimum amount of at least \$1,000,000, or any whole multiple of \$500,000 in excess thereof, and shall be applied as to each Lender based upon its Pro Rata Share. Notwithstanding the foregoing, no reduction shall be permitted if, after giving effect thereto and to any prepayment made therewith, the aggregate principal balance of the Revolving Loans then outstanding would exceed the Revolving Loan Commitment as so reduced. All reductions provided for in this Subsection 1.6(C) shall be in addition to (and shall not serve to reduce the amount or date of) the scheduled reductions provided for in Subsection 1.6(A)(3) and the other reductions provided for in Subsection 1.6(B) and, accordingly, may result in the termination of the Revolving Loan Commitment prior to the date set forth in clause (iii) of the definition of the term "Revolving Loan Expiration Date."

(D) Mandatory Repayments. On the date of each Revolving Loan Commitment reduction provided for in this Subsection 1.6, Borrower shall repay Revolving Loans in an amount at least sufficient to reduce the aggregate principal balance of Revolving Loans then outstanding to the amount of the Revolving

Loan Commitment as so reduced. If at any time the aggregate outstanding amount of Revolving Loans exceeds the Revolving Loan Commitment, Borrower shall repay Revolving Loans in an amount at least sufficient to reduce the aggregate principal balance of Revolving Loans then outstanding to the amount of the Revolving Loan Commitment, and until such repayment is made, Lenders shall not be obligated to make Revolving Loans. Any repayments pursuant to this Subsection 1.6(D) shall be applied in accordance with Subsection 1.8, and shall be accompanied by accrued interest on the amount repaid and any applicable Breakage Fees.

1.7 Voluntary Prepayments and Other Mandatory Repayments.

(A) Voluntary Prepayment of Loans. Subject to the provisions of Section 1.8 and the notice requirement in the following sentence, at any time, Borrower may prepay (i) the Base Rate Loan, in whole or in part, without penalty, and (ii) any LIBOR Loan, in whole or in part, upon payment of applicable Breakage Fees. Notice of any prepayment of the Base Rate Loan or a LIBOR Loan shall be given not later than 11:00 a.m. (Denver time) on the third (3<sup>rd</sup>) Business Day preceding the date of prepayment. All prepayments shall be in a minimum amount of at least \$1,000,000, or any whole multiple of \$500,000 in excess thereof, shall be applied as to each Lender based upon its Pro Rata Share, and shall be paid and applied in accordance with Subsection 1.8. All prepayment notices shall be irrevocable. All prepayments shall be accompanied by accrued interest on the amount prepaid and any applicable Breakage Fees.

(B) Repayments from Excess Cash Flow. Within one hundred twenty (120) days after the end of each of its fiscal years, commencing with the fiscal year ending December 31, 2002, Borrower shall be obligated to repay the Loans in an amount equal to fifty percent (50%) of the Excess Cash Flow for such fiscal year; provided, that if on such fiscal year end the Total Leverage Ratio of Borrower is less than or equal to 2.50:1.0, no such repayment shall be required with respect to such fiscal year. For the purposes of this Subsection 1.7(B), Excess Cash Flow shall be calculated on a consolidated basis for Borrower and its Subsidiaries. All such repayments shall be paid and applied in accordance with Subsection 1.8.

(C) Repayments from Insurance Proceeds. Immediately upon receipt thereof, Borrower shall be obligated to repay the Loans in an amount equal to all Net Proceeds received by Borrower or any of its Subsidiaries which are insurance proceeds from any Asset Disposition; provided, however, if no Default or Event of Default has occurred and is continuing, that Borrower shall not be required to apply such Net Proceeds to repay the Loans to the extent that such Net Proceeds are used by Borrower or such Subsidiary to repair or replace the lost, damaged or destroyed assets within one hundred twenty (120) days of receipt by Borrower or such Subsidiary of such Net Proceeds. All such repayments shall be paid and applied in accordance with Subsection 1.8.



(D) Repayments from Certain Asset Dispositions. Immediately upon receipt by Borrower or any of its Subsidiaries of Net Proceeds (other than insurance proceeds) from any Asset Disposition, Borrower shall be obligated to repay the Loans in an amount equal to such Net Proceeds; provided, however, that if no Default or Event of Default then exists or shall result from the Asset Disposition, Borrower shall not be required to repay the Loans with the Net Proceeds of (a) an Asset Disposition if Borrower or such Subsidiary applies such Net Proceeds to the acquisition of assets similar to the assets disposed of within one hundred twenty (120) days of such Asset Disposition or (b) the Latel Real Estate Transaction. All such repayments shall be paid and applied in accordance with Subsection 1.8.

(E) Repayments from Debt or Equity Issuances. Immediately upon receipt by Borrower or any of its Subsidiaries of Net Proceeds relating to the issuance by Borrower or any Subsidiary of Borrower of any public or private debt (other than as permitted pursuant to Subsection 3.1) or any equity; provided, however, that Borrower shall not be required to apply such Net Proceeds to repay the Loans to the extent the Net Proceeds represent equity contributions to cure an Event of Default (except to the extent repayment of the Loans is necessary to cure such Event of Default) or to make permitted capital expenditures in an amount up to \$10,000,000 per annum, Borrower shall be obligated to repay the Loans in an amount equal to such Net Proceeds. All such repayments shall be paid and applied in accordance with Subsection 1.8.

1.8 Application of Repayments; Payment of Breakage Fees, Etc. Each repayment made pursuant to Subsection 1.7(B), (C), (D) or (E) shall be applied to first pro rata to the outstanding principal balances of the Term Loans, subject to the succeeding paragraph of this Subsection 1.8. Each prepayment pursuant to Subsection 1.7(A) shall be applied to either (i) the Term Loan Facilities or (ii) the Revolving Loan Facility, as directed by Borrower. In the event Borrower elects to apply such prepayment to the Term Loans, such prepayment shall be applied pro rata to the principal balances of the Term Loans, subject to the succeeding paragraph of this Subsection 1.8. In the absence of any direction by Borrower, prepayments pursuant to Subsection 1.7(A) shall be applied first to the Revolving Loan Facility. After the Term Loans are repaid in full, all repayments and prepayments pursuant to Subsection 1.7 shall be applied to the Loans outstanding under the Revolving Loan Facility. All repayments made pursuant to Subsections 1.6 and 1.7 shall first be applied to the Base Rate Loan or such of the LIBOR Loans as Borrower shall direct in writing and, in the absence of such direction, shall first be applied to the Base Rate Loan and then to such LIBOR Loans as Administrative Agent shall select. All repayments required or permitted hereunder shall be accompanied by payment of all applicable Breakage Fees and accrued interest on the amount repaid. All repayments applied to Loans outstanding under the Term Loan Facilities shall be applied to principal installments in the inverse order of maturity.

Notwithstanding anything to the contrary in Subsection 1.7 or this Subsection 1.8, with respect to any repayment or prepayment described in Subsection 1.7 that is allocated to the Term B Loan Facility (the "Allocated Payment Amount"), at any time when the Term A Loan or Revolving Loans remain outstanding, Borrower will, in lieu of applying automatically such amount to the repayment or prepayment of the Term B Loan Facility, as provided in this Subsection 1.8, at least three (3) Business Days prior to the date on which Borrower expects to make such repayment or prepayment, give Administrative Agent telephonic notice (promptly confirmed in writing) requesting that Administrative Agent prepare and provide each Lender with a Term B Loan Commitment (each an "Electing Lender") a notice as described below (each a

“Repayment/Prepayment Option Notice”). As promptly as practicable after receiving such notice from Borrower, Administrative Agent will send each Electing Lender a Repayment/Prepayment Notice which shall include an offer by Borrower to repay or prepay, as applicable, the portion of the Term B Loan Facility of such Electing Lender by an amount equal to such Electing Lender’s Pro Rata Share of the Allocated Payment Amount on the date of the expected repayment or prepayment (each, a “Repayment/Prepayment Date”). Each Electing Lender shall give notice to Administrative Agent prior to the Repayment/Prepayment Date if it elects to accept all or a portion of such repayment or prepayment, and each Electing Lender which has not notified Administrative Agent of whether it elects to accept such repayment or prepayment shall be deemed to have accepted such repayment or prepayment. On the Repayment/Prepayment Date, (i) Electing Lenders that have not expressly rejected their Repayment/Prepayment Option Notice shall be repaid or prepaid the amount indicated in such Repayment/Prepayment Notice and (ii) first, the Term A Loan Facility and, second, the Revolving Loan Facility shall be repaid and the Revolving Commitment shall be reduced in the amount of the portion of Allocated Payment Amount expressly rejected by Electing Lenders.

1.9 Loan Accounts. Administrative Agent will maintain loan account records for (i) all Loans, interest charges and payments thereof, (ii) the charging and payment of all fees, costs and expenses and (iii) all other debits and credits pursuant to this Agreement. Absent manifest error, the balance in the loan accounts shall be presumptive evidence of the amounts due and owing to Lenders, provided that any failure by Administrative Agent to maintain such records shall not limit or affect Borrower’s obligation to pay. During the continuance of an Event of Default, Borrower irrevocably waives the right to direct the application of any and all payments and Borrower hereby irrevocably agrees that Administrative Agent shall have the continuing exclusive right to apply and reapply payments in any manner it deems appropriate.

1.10 Changes in LIBOR Rate Availability. If with respect to any proposed Interest Period, Administrative Agent or any Lender (after consultation with Administrative Agent) determines that deposits in dollars (in the applicable amount) are not being offered to each Lender in the relevant market for such Interest Period (or for a Lender who does not take deposits, such Lender cannot acquire funds (or otherwise match funds) in an amount equal to its portion of the LIBOR Loan in the relevant market), Administrative Agent shall forthwith give notice thereof to Borrower and Lenders, whereupon and until such affected Lender or Lenders notifies Administrative Agent, and Administrative Agent notifies Borrower and the other Lenders that the circumstances giving rise to such situation no longer exist, the obligations of any affected Lender to make its portion of such type of LIBOR Loan shall be suspended and such affected Lender shall make its Pro Rata Share of such type of LIBOR Loans as a Base Rate Loan or such other type of Loan as permitted by Administrative Agent. Any Lender may, in its sole discretion, waive the benefits and provisions of this Subsection with respect to any proposed Interest Period.

If the introduction of, or any change in, any Applicable Law or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender with any request or directive (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, shall make it unlawful or impossible for one or more Lenders to honor its obligations hereunder to make or maintain any LIBOR Loan, such Lender shall promptly give notice thereof to Administrative Agent, and

Administrative Agent shall promptly give notice thereof to Borrower and all other Lenders. Thereafter, until such Lender or Lenders notifies Administrative Agent, and Administrative Agent notifies Borrower and the other Lenders that such circumstances no longer exist, (i) the obligations of Lenders to make LIBOR Loans and the right of Borrower to convert any Loan or continue any Loan as a LIBOR Loan shall be suspended and (ii) if any Lender may not lawfully continue to maintain a LIBOR Loan to the end of the then current Interest Period applicable thereto, such Loan shall immediately be converted to the Base Rate Loan.

1.11 Capital Adequacy and Other Adjustments.

(A) If the introduction of or the interpretation of any law, rule, or regulation would increase the reserve requirement or otherwise increase the cost to any Lender of making or maintaining a LIBOR Loan, then Administrative Agent, on behalf of all affected Lenders, shall submit a certificate to Borrower setting forth the amount and demonstrating the calculation of such increased cost. Borrower shall pay the amount of such increased cost to Administrative Agent for the benefit of the affected Lenders within fifteen (15) days after receipt of such certificate. Such certificate shall, absent manifest error, be final, conclusive and binding for all purposes. There is no limitation on the number of times such a certificate may be submitted.

(B) In the event that any Lender shall have determined that the adoption after the date hereof of any law, treaty, governmental (or quasi-governmental) rule, regulation, guideline or order regarding capital adequacy, reserve requirements or similar requirements or compliance by any Lender or any corporation controlling such Lender with any request or directive regarding capital adequacy, reserve requirements or similar requirements (whether or not having the force of law and whether or not failure to comply therewith would be unlawful) from any central bank or governmental agency or body having jurisdiction does or shall have the effect of increasing the amount of capital, reserves or other funds required to be maintained by such Lender or any corporation controlling such Lender and thereby reducing the rate of return on such Lender's or such corporation's capital as a consequence of its obligations hereunder, then Borrower shall from time to time within fifteen (15) days after notice and demand from such Lender (together with the certificate referred to in the next sentence and with a copy to Administrative Agent) pay to Administrative Agent, for the account of such Lender, additional amounts sufficient to compensate such Lender for such reduction. A certificate as to the amount of such cost and showing the basis of the computation of such cost submitted by such Lender to Borrower and Administrative Agent shall, absent manifest error, be final, conclusive and binding for all purposes. There is no limitation on the number of times such a certificate may be submitted.

1.12 Optional Prepayment/Replacement of Lender in Respect of Increased Costs. Within fifteen (15) days after receipt by Borrower of written notice and demand from any Lender (an "Affected Lender") for payment of additional costs as provided in Subsection 1.11, Borrower may, at its option, notify Administrative Agent and such Affected Lender of its intention to do one of the following:

(A) Borrower may obtain, at Borrower's expense, a replacement Lender ("Replacement Lender") for such Affected Lender, which Replacement Lender shall be reasonably satisfactory to Administrative Agent. In the event Borrower obtains a Replacement Lender within ninety (90) days following notice of its intention to do so, the Affected Lender shall sell and assign its Loans and its

obligations under the Loan Commitments to such Replacement Lender, provided that Borrower has reimbursed such Affected Lender for its increased costs for which it is entitled to reimbursement under this Agreement through the date of such sale and assignment; or

(B) Borrower may prepay in full all outstanding Obligations owed to such Affected Lender and terminate such Affected Lender's Pro Rata Share of the Loan Commitments, in which case the Loan Commitments will be permanently reduced by the amount of such Pro Rata Share. Borrower shall, within ninety (90) days following notice of its intention to do so, prepay in full all outstanding Obligations owed to such Affected Lender (including all applicable Breakage Fees and such Affected Lender's increased costs for which it is entitled to reimbursement under this Agreement through the date of such prepayment), and terminate such Affected Lender's obligations under the Loan Commitments. Any such prepayment pursuant to this Subsection 1.12(B) shall be applied in accordance with Subsection 1.8 and shall be accompanied by payment of all applicable Breakage Fees and accrued interest on the amount repaid.

### 1.13 Taxes.

(A) No Deductions. Any and all payments or reimbursements made hereunder or under the Notes shall be made free and clear of and without deduction for any and all taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto (all such taxes, levies, imposts, deductions, charges or withholdings and all liabilities with respect thereto, excluding such taxes imposed on net income, herein "Tax Liabilities"), excluding, however, taxes imposed on the net income of a Lender or Administrative Agent by the federal, state, local or foreign taxing authorities in the jurisdiction in which the principal place of business of such Lender or Administrative Agent is located. If Borrower shall be required by law to deduct any such amounts from or in respect of any sum payable hereunder to any Lender or Administrative Agent, then, except as provided in Subsection 1.13(B), Borrower shall pay such amounts to the appropriate Governmental Authority and provide Administrative Agent with satisfactory documentary evidence of such payment within ten (10) days after such payment and the sum payable hereunder shall be increased as may be necessary so that, after making all required deductions, such Lender or Administrative Agent receives an amount equal to the sum it would have received had no such deductions been made.

(B) Foreign Lenders. Each Lender organized under the laws of a jurisdiction outside the United States (a "Foreign Lender") as to which payments to be made under this Agreement or under the Notes are exempt from United States withholding tax or are subject to United States withholding tax at a reduced rate under an applicable statute or tax treaty shall provide to Borrower and Administrative Agent (i) a properly completed and executed United States Internal Revenue Service Form W-8ECI or W-8BEN or other applicable form, certificate or document prescribed by the Internal Revenue Service of the United States certifying as to such Foreign Lender's entitlement to such exemption or reduced rate of withholding with respect to payments to be made to such Foreign Lender under this Agreement and under the Notes (a "Certificate of Exemption") or (ii) a letter from any such Foreign Lender stating that it is not entitled to any such exemption or reduced rate of withholding (a "Letter of Non-Exemption"). Prior to becoming a Lender under this Agreement and within fifteen (15) days after a reasonable written request of Borrower or Administrative Agent from time to time thereafter, each Foreign Lender that becomes a Lender under this Agreement shall provide a Certificate of Exemption or a Letter of Non-Exemption to Borrower and Administrative Agent.

If a Foreign Lender is entitled to an exemption with respect to payments to be made to such Foreign Lender under this Agreement (or to a reduced rate of withholding) and does not provide a Certificate of Exemption to Borrower and Administrative Agent within the time periods set forth in the preceding paragraph, Borrower shall withhold taxes from payments to such Foreign Lender at the applicable statutory rates and Borrower shall not be required to pay any additional amounts as a result of such withholding, provided that all such withholding shall cease or be reduced, as appropriate, upon delivery by such Foreign Lender of a Certificate of Exemption to Borrower and Administrative Agent.

1.14 Changes in Tax Laws. In the event that, subsequent to the Closing Date, (i) any changes in any existing law, regulation, treaty or directive or in the interpretation or application thereof, (ii) any new law, regulation, treaty or directive enacted or any interpretation or application thereof, or (iii) compliance by Administrative Agent or any Lender with any request or directive (whether or not having the force of law) from any Governmental Authority:

(i) does or shall subject Administrative Agent or any Lender to any tax of any kind whatsoever with respect to this Agreement, the other Loan Documents or any Loans made hereunder, or change the basis of taxation of payments to Administrative Agent or such Lender of principal, fees, interest or any other amount payable hereunder (except for net income taxes, or franchise taxes imposed in lieu of net income taxes, imposed generally by federal, state, local or foreign taxing authorities in the jurisdiction in which the principal place of business of such Lender or Administrative Agent is located with respect to interest or commitment or other fees payable hereunder or changes in the rate of tax imposed by such jurisdictions on the overall net income of Administrative Agent or such Lender); or

(ii) does or shall impose on Administrative Agent or any Lender any other condition or increased cost in connection with the transactions contemplated hereby or participations herein;

and the result of any of the foregoing is to increase the cost to Administrative Agent or any such Lender of making or continuing any Loan hereunder, or to reduce any amount receivable hereunder, as the case may be, then, in any such case, Borrower shall promptly pay to Administrative Agent or such Lender, upon its demand, any additional amounts necessary to compensate Administrative Agent or such Lender, on an after-tax basis, for such additional cost or reduced amount receivable, as determined by Administrative Agent or such Lender with respect to this Agreement or the other Loan Documents. If Administrative Agent or such Lender becomes entitled to claim any additional amounts pursuant to this Subsection 1.14, it shall promptly notify Borrower of the event by reason of which Administrative Agent or such Lender has become so entitled. A certificate as to any additional amounts payable pursuant to the foregoing sentence submitted by Administrative Agent or such Lender to Borrower and Administrative Agent shall, absent manifest error, be final, conclusive and binding for all purposes. There is no limitation on the number of times such a certificate may be submitted.

1.15 Term of This Agreement. All of the Obligations shall become due and payable as otherwise set forth herein, but in any event, all of the remaining Obligations shall become due and payable on the Term

B Loan Maturity Date. This Agreement shall remain in effect through and including, and (except with respect to provisions hereof expressly stated herein to survive any such termination) shall terminate immediately after, the date on which all Obligations shall have been indefeasibly and irrevocably paid and satisfied in full.

## SECTION 2

### AFFIRMATIVE COVENANTS

Borrower covenants and agrees that so long as this Agreement is in effect and until payment in full of all Obligations, unless Requisite Lenders (or such other number of Lenders as is required by Subsection 9.2) shall otherwise give their prior written consent, Borrower shall and shall cause its Subsidiaries to perform and comply with all covenants in this Section 2.

2.1 Compliance With Laws and Material Contracts. Borrower will (i) comply with and will cause its Subsidiaries to comply with the requirements of all Applicable Laws (including laws, rules, regulations and orders relating to taxes, employer and employee contributions, securities, employee retirement and welfare benefits, environmental protection matters and employee health and safety) as now in effect and which may be imposed in the future in all jurisdictions in which Borrower or any of its Subsidiaries is now or hereafter doing business, other than those Applicable Laws the noncompliance with which could not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect, (ii) obtain and maintain and will cause its Subsidiaries to obtain and maintain all licenses, qualifications and permits (including the Licenses) now held or hereafter required to be held by Borrower or any of its Subsidiaries, the loss, suspension or revocation of which or which the failure to obtain or renew could reasonably be expected to have a Material Adverse Effect and (iii) comply with and will cause its Subsidiaries to comply in all material respects with all Material Contracts. This Subsection 2.1 shall not preclude Borrower or any of its Subsidiaries from contesting any taxes or other payments, if they are being diligently contested in good faith and if adequate reserves therefor are maintained in conformity with GAAP.

2.2 Maintenance of Books and Records; Properties; Insurance. Borrower will and will cause its Subsidiaries to keep adequate records and books of account, in which full, true and correct entries will be made in accordance with GAAP consistently applied. Borrower will maintain or cause to be maintained and will cause its Subsidiaries to maintain or cause to be maintained in good repair, working order and condition all Collateral used in the business of Borrower and its Subsidiaries, and will make or cause to be made all appropriate repairs, renewals and replacements thereof. Borrower will and will cause each of its Subsidiaries to maintain complete, accurate and up-to-date books, records, accounts and other information relating to all Collateral in such form and in such detail as may be satisfactory to Administrative Agent.

Borrower will maintain or cause to be maintained and will cause each of its Subsidiaries to maintain or cause to be maintained, with financially sound and reputable insurers, commercial general liability, property loss and damage and business interruption insurance with respect to its business and properties and the business and properties of its Subsidiaries against loss and damage of the kinds customarily carried or maintained by corporations of established reputation engaged in the telephone, cable and wireless

communications industry and of such types, with such insurers, in such amounts, with such limits and deductibles and otherwise on such terms and conditions as shall be acceptable to Administrative Agent in its reasonable discretion and will deliver evidence thereof to Administrative Agent on or prior to the Closing Date, and thereafter at least thirty (30) days prior to any expiration thereof, evidence of renewal of such insurance. All property loss and damage insurance shall be on an all-risk basis and shall insure property for the full replacement cost thereof and contain an agreed amount endorsement waiving any coinsurance penalty. Any business interruption insurance shall include extra expense in an agreed amount equal to twelve (12) months' projected loss of net profits, continuing expenses and debt service payments and contain an agreed amount endorsement waiving any coinsurance penalty.

If any part of the Collateral lies within a "special flood hazard area" as defined and specified by the Federal Emergency Management Agency (or other appropriate Governmental Authority) pursuant to the Flood Disaster Protection Act of 1973, as amended (the "FDPA"), and Administrative Agent determines that flood insurance coverage is required to be obtained for such Collateral in order for Administrative Agent and such Lenders to comply with the FDPA, Borrower shall and shall cause its Subsidiaries to obtain and maintain such flood insurance policies as Administrative Agent reasonably requests so that Administrative Agent and such Lenders shall be deemed in compliance with the FDPA and shall deliver evidence thereof to Administrative Agent. Such policies of flood insurance shall be in form and substance satisfactory to Administrative Agent and shall be in an amount of at least the lesser of the value of such Collateral constituting buildings, structures or personal property located within the "special flood hazard area" or the maximum limit of coverage available under Applicable Law.

Borrower will cause (i) Administrative Agent, for the benefit of Administrative Agent and Lenders, pursuant to endorsements and assignments in form and substance reasonably satisfactory to Administrative Agent, to be named (A) as a lender loss payee or mortgagee in the case of property loss and damage insurance, (B) as assignee in the case of all business interruption insurance and (C) as an additional insured in the case of all flood insurance and (ii) Administrative Agent and each Lender, pursuant to endorsements in form and substance reasonable acceptable to Administrative Agent, as an additional insured in the case of all liability insurance. All insurance policies required hereunder shall (i) include effective waivers by the insurer of subrogation against Administrative Agent, Lenders and their respective Affiliates and any right of insurer to any setoff or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of Borrower (or its Subsidiaries), (ii) provide that all insurance proceeds in excess of \$1,000,000 shall be adjusted with and paid to Administrative Agent, (iii) be non-cancelable and not subject to material change as to Administrative Agent except upon thirty (30) days' prior written notice given by the insurer to Administrative Agent, (iv) contain a breach of representation or warranty provision in favor of Administrative Agent, Lenders and their respective Affiliates, (v) contain a cross-liability clause, and (vi) provide that the insurance be primary and without right of contribution from any other insurance which may be available to Administrative Agent, Lenders or any of their respective Affiliates and expressly provide that all provisions thereof, except the limits of liability (which shall be applicable to all insureds as a group), shall operate in the same manner as if there were a separate policy covering each insured, and liability for premiums shall be solely a liability of Borrower.

2.3 Inspection; Lender Meeting. Borrower will and will cause its Subsidiaries to permit, at the expense of Borrower, any authorized representative of any Lender (i) to visit and inspect any of the properties of Borrower and its Subsidiaries, including its financial and accounting records, and to make copies and take extracts therefrom, (ii) for the purpose of determining or monitoring the value of the Collateral, to obtain environmental audits or assessments (including soil samples) by an independent engineer of any Collateral constituting real estate or interests in real estate, and (iii) to discuss its and their affairs, finances and business with its officers, employees and certified public accountants, upon reasonable prior notice at such reasonable times during normal business hours and as often as may be reasonably requested. Without in any way limiting the foregoing, Borrower will and will cause its Subsidiaries to participate in and will cause its and their respective key management personnel to participate in a meeting with Administrative Agent and Lenders at least once during each year, which meeting shall be held at such time and such place as may be reasonably requested by Administrative Agent.

2.4 Legal Existence, Etc. Except as otherwise permitted by Subsection 3.6, Borrower will and will cause its Subsidiaries to at all times preserve and keep in full force and effect its or their legal existence and good standing and all rights and franchises material to its or their business.

2.5 Use of Proceeds. Borrower will use and will cause its Subsidiaries to use the proceeds of the Loans solely for the purposes described in the recital paragraphs to this Agreement. No part of any Loan will be used to purchase any margin securities or otherwise in violation of the regulations of the Federal Reserve System.

2.6 Further Assurances; Notices of Acquisition of Real Property or Certain Other Property. Borrower will and will cause its Subsidiaries to, from time to time, do, execute and deliver all such additional and further acts, documents and instruments as Administrative Agent or any Lender reasonably requests to consummate the transactions contemplated hereby and to vest completely in and assure Administrative Agent and Lenders of their respective rights under this Agreement and the other Loan Documents, including such financing statements, documents, security agreements and reports to evidence, perfect or otherwise implement the security for repayment of the Obligations contemplated by the Loan Documents. Borrower will notify Administrative Agent in writing in each Compliance Certificate delivered pursuant to Subsection 4.6(C) of the acquisition (including by way of lease) by Borrower or any of its Subsidiaries of any real property or any interest therein, including all easements and licenses (and the cost thereof or annual rentals with respect thereto), and of any registered intellectual property, or the opening of any new deposit, investment or other accounts, and will execute and deliver all such additional documents and instruments as Administrative Agent may reasonably require pursuant to this Subsection 2.6 promptly upon request of Administrative Agent (including, upon written request of Administrative Agent, mortgages, title insurance policies, landlord and mortgagee waivers and consents, UCC financing statements (including, without limitation, fixture filings), environmental audits, completed environmental questionnaires, surveys, assignments, control agreements and legal opinions).

2.7 CoBank Patronage Capital. So long as CoBank is a Lender hereunder, Borrower will acquire non-voting participation certificates in CoBank in such amounts and at such times as CoBank may require in accordance with CoBank's Bylaws and Capital Plan (as each may be amended from time to time), except that the maximum amount of participation certificates that Borrower may be required to



purchase in CoBank in connection with the Loans may not exceed the maximum amount permitted by the Bylaws at the time this Agreement is entered into. The rights and obligations of the parties with respect to such participation certificates and any distributions made on account thereof or on account of Borrower's patronage with CoBank shall be governed by CoBank's Bylaws. Borrower hereby consents and agrees that the amount of any distributions with respect to its patronage with CoBank that are made in qualified written notices of allocation (as defined in 26 U.S.C. § 1388) and that are received by Borrower from CoBank, will be taken into account by Borrower at the stated dollar amounts whether the distribution is evidenced by a participation certificate or other form of written notice that such distribution has been made and recorded in the name of Borrower on the records of CoBank. CoBank's Pro Rata Share of the Loans and other Obligations due to CoBank shall be secured by a statutory first lien on all equity which Borrower may now own or hereafter acquire in CoBank. Such equity shall not, however, constitute security for the Obligations due to any other Lender. CoBank shall not be obligated to set off or otherwise apply such equities to Borrower's obligations to CoBank.

2.8 Collateral Assignments of Material Contracts. On the Closing Date, Borrower shall execute and deliver to Administrative Agent, for the benefit of Administrative Agent and all Lenders, Collateral Contract Assignments with respect to each of the Material Contracts listed on Schedule 2.8. Thereafter, Borrower shall promptly execute and deliver to Administrative Agent, for the benefit of Administrative Agent and all Lenders, all such Collateral Contract Assignments with respect to Material Contracts as Administrative Agent may request from time to time.

2.9 Enforcement of Material Contracts. Borrower shall and shall cause its Subsidiaries to exercise promptly and diligently its and their respective material rights under each Material Contract (other than any right of termination). Borrower shall deliver or cause to be delivered to Administrative Agent copies of all material demands or notices received by Borrower or its Subsidiaries relating in any way to any Material Contract.

2.10 Investment Company Act; Public Utility Holding Act. Neither Borrower nor any of its Subsidiaries shall be or become an "investment company" as that term is defined in and is not otherwise subject to regulation under, the Investment Company Act of 1940, as amended. Neither Borrower nor any of its Subsidiaries shall be or become a "holding company" as that term is defined in, and is not otherwise subject to regulation under, the Public Utility Holding Company Act of 1935, as amended.

2.11 Payment of Obligations. Borrower will, and will cause each of its Subsidiaries to, (i) pay, discharge or otherwise satisfy at or before maturity all liabilities and obligations as and when due (subject to any applicable subordination provisions), and any additional costs that are imposed as a result of any failure to so pay, discharge or otherwise satisfy such obligations, except to the extent failure to do so would not be reasonably likely to have a Material Adverse Effect, and (ii) pay and discharge all taxes, assessments, claims and governmental charges or levies imposed upon it, upon its income or profits or upon any of its properties, prior to the date on which penalties would attach thereto or a Lien would attach to any of the properties of Borrower or such Subsidiary if unpaid unless the same are being contested in good faith and by appropriate proceedings and then only if and to the extent reserves required by GAAP have been set aside therefor.

2.12 Interest Rate Agreement. Within one hundred twenty (120) days after the Closing Date, Borrower will, with respect to an aggregate amount equal to at least fifty percent (50%) of the principal amount of the Loans outstanding, enter into, and thereafter maintain, one or more Interest Rate Agreements with counterparties reasonably acceptable to Administrative Agent providing for interest rate protection for a term expiring on a date no less than two (2) years after the date of entering into each such Interest Rate Agreement, all on terms and conditions reasonably satisfactory to Administrative Agent. Upon the request of Administrative Agent, Borrower shall execute and deliver (with the consent of the counterpart thereto) a collateral assignment of such Interest Rate Agreement or Interest Rate Agreements, with terms and conditions reasonably acceptable to Administrative Agent, as additional Collateral for the Obligations.

2.13 Management Team. Borrower shall and shall cause its Subsidiaries to engage and continue to retain a professional management staff experienced in the telecommunications business, and shall engage and retain a Chairman, President, Chief Executive Officer and Chief Financial with comparable telecommunications experience as the Persons serving in such offices on the Closing Date and otherwise reasonably satisfactory to Administrative Agent.

2.14 Maintenance of Telecommunications System. Borrower shall maintain and cause its Subsidiaries to maintain the Telecommunications System at all times in accordance with maintenance procedures published by the various manufacturers and in all cases such that the use of the Telecommunications System for its intended purposes shall not be impaired.

2.15 Environmental Laws. Borrower will, and will at all times cause each of its Subsidiaries to:

(A) Comply in all material respects with, and ensure compliance in all material respects by all tenants and subtenants, if any, with, all applicable Environmental Laws and obtain and comply in all material respects with and maintain, and ensure that all tenants and subtenants obtain and comply in all material respects with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect;

(B) Conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required under Environmental Laws and promptly comply in all material respects with all lawful orders and directives of all Governmental Authorities regarding Environmental Laws except to the extent that the same are being contested in good faith by appropriate proceedings and the pendency of such proceedings could not reasonably be expected to have a Material Adverse Effect; and

(C) Defend, indemnify and hold harmless Administrative Agent and Lenders, and their respective employees, agents, officers and directors, from and against any and all claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature known or unknown, contingent or otherwise, arising out of, or in any way relating to the violation of, noncompliance with or liability under, any Environmental Law applicable to the operations of Borrower or any of its Subsidiaries or their respective properties, or any orders, requirements or demands of Governmental Authorities related thereto, including, without limitation, reasonable attorney's and consultant's fees, investigation and laboratory fees, response costs, court costs and litigation expenses, except to the extent

that any of the foregoing is determined by a final and nonappealable judgment of a court of competent jurisdiction or pursuant to arbitration as set forth herein to have resulted from the gross negligence or willful misconduct of the party seeking indemnification therefor. The agreements in this Subsection 2.15 shall survive repayment of the Obligations and the termination of this Agreement.

## SECTION 3

### NEGATIVE COVENANTS

Borrower covenants and agrees that so long as this Agreement is in effect and until payment in full of all Obligations, unless Requisite Lenders (or such other number of Lenders as is required by Subsection 9.2) shall otherwise give their prior written consent, Borrower shall, and shall cause its Subsidiaries to, perform and comply with all covenants in this Section 3.

3.1 Indebtedness. Borrower will not and will not permit its Subsidiaries directly or indirectly to create, incur, assume, guaranty or otherwise become or remain liable with respect to any Indebtedness other than:

- (A) the Obligations;
- (B) Contingent Obligations permitted by Subsection 3.4;
- (C) Indebtedness under purchase money security agreements, sale-leasebacks and capital leases not to exceed \$3,000,000 in the aggregate principal at any one time; and
- (D) Indebtedness incurred in connection with an Interest Rate Agreement with a Lender.

3.2 Liens and Related Matters.

(A) No Liens. Borrower will not and will not permit its Subsidiaries directly or indirectly to create, incur, assume or permit to exist any Lien on or with respect to any property or asset (including any document or instrument with respect to goods or accounts receivable) of Borrower or its Subsidiaries, whether now owned or hereafter acquired, or any income or profits therefrom, except Permitted Encumbrances.

(B) No Negative Pledges. Borrower will not and will not permit its Subsidiaries directly or indirectly to enter into or assume any agreement (other than the Loan Documents) prohibiting the creation or assumption of any Lien upon its or their properties or assets, whether now owned or hereafter acquired.

3.3 Investments. Borrower will not and will not permit its Subsidiaries directly or indirectly to make or own any Investment in any Person except:

(A) Borrower and its Subsidiaries may make and own Investments in Cash Equivalents; provided that such Cash Equivalents are not subject to set off rights;

(B) equities in CoBank, as set forth in Subsection 2.7; and

(C) Investments in Subsidiaries of Borrower that have complied with the requirements of Subsection 3.13.

3.4 Contingent Obligations. Borrower will not and will not permit its Subsidiaries directly or indirectly to create or become or be liable with respect to any Contingent Obligation except those:

(A) resulting from endorsement of negotiable instruments for collection in the ordinary course of business;

(B) arising under indemnity agreements to title insurers in connection with mortgagee title insurance policies in favor of Administrative Agent;

(C) arising with respect to customary indemnification obligations incurred in connection with permitted Asset Dispositions provided that such obligations shall in no event exceed the amount of proceeds received in connection therewith);

(D) incurred in the ordinary course of business with respect to surety and appeal bonds, performance and return-of-money bonds and other similar obligations not exceeding at any time outstanding \$500,000 in aggregate liability; and

(E) incurred with respect to Indebtedness permitted by Subsection 3.1.

3.5 Restricted Junior Payments. Borrower will not directly or indirectly declare, order, pay, make or set apart any sum for any Restricted Junior Payment provided, however, that Guarantors (other than Parent) may declare and make dividend payments or other distributions to Borrower.

3.6 Restriction on Fundamental Changes. Borrower will not and will not permit its Subsidiaries directly or indirectly to: (i) unless and only to the extent required by law, amend, modify or waive any term or provision of its articles of organization, partnership agreement, operating agreement, management agreements, articles of incorporation or certificates of designations pertaining to preferred stock or by-laws; (ii) enter into any transaction of merger or consolidation, except any Subsidiary of Borrower may be merged with or into Borrower or any wholly owned Subsidiary of Borrower, provided that Borrower or such wholly owned Subsidiary of Borrower is the surviving entity; (iii) liquidate, wind-up or dissolve itself (or suffer any liquidation or dissolution); or (iv) acquire by purchase or otherwise all or any substantial part of the business or assets of any other Person.

3.7 Restriction on Equity Issuance. Except for issuances of ownership interests in Borrower or its Subsidiaries on or prior to the date hereof, Borrower will not and will not permit its Subsidiaries to directly or indirectly issue any capital stock or other equity interests in Borrower or any of its Subsidiaries.

3.8 Disposal of Assets or Subsidiary Stock. Borrower will not and will not permit its Subsidiaries directly or indirectly to assign, convey, sell (including, without limitation, pursuant to a sale and leaseback transaction), lease (including, without limitation, pursuant to a lease and leaseback transaction), sublease, transfer or otherwise dispose of, or grant any Person an option to acquire, in one transaction or a series of transactions, any of its property, business or assets, or the capital stock of or other equity interests in any Subsidiary; whether now owned or hereafter acquired, except for (i) bona fide sales of inventory to customers in the ordinary course of business and dispositions of obsolete equipment not used or useful in the business, (ii) fair market value sales of Cash Equivalents, (iii) the Latel Real Estate Transaction and (iv) all other Asset Dispositions if the following conditions are met: (a) the aggregate market value of assets sold in any one transaction or series of related transaction for any calendar year does not exceed \$2,000,000 for Borrower and its Subsidiaries; (b) the consideration received is at least equal to the fair market value of such assets; (c) the sole consideration received is cash; (d) after giving effect to such Asset Disposition, Borrower, on a consolidated basis with its Subsidiaries, is in compliance on a pro forma basis with the covenants set forth in Section 4 recomputed for the most recently ended fiscal quarter for which information is available and Borrower is in compliance with all other terms and conditions contained in this Agreement; and (e) no Event of Default then exists or shall result from such Asset Disposition.

3.9 Transactions with Affiliates. Borrower will not and will not permit its Subsidiaries directly or indirectly to enter into or permit to exist any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate or with any director, officer or employee of Borrower or any Affiliate, except (i) as set forth on Schedule 3.9; (ii) transactions in the ordinary course of and pursuant to the reasonable requirements of the business of Borrower or such Subsidiary and upon fair and reasonable terms which are fully disclosed to Lenders and are no less favorable to Borrower or such Subsidiary than would be obtained in a comparable arm's length transaction with a Person that is not an Affiliate; or (iii) payment of compensation to directors, officers and employees in the ordinary course of business for services actually rendered in their capacities as directors, officers and employees, provided such compensation is reasonable and comparable with compensation paid by companies of like nature and similarly situated. Notwithstanding the foregoing, upon the election of Administrative Agent or Requisite Lenders, no payments may be made with respect to any items set forth in clauses (i) and (ii) of the preceding sentence upon the occurrence and during the continuation of a Default or an Event of Default.

3.10 Professional Fees and Compensation. Borrower will not and will not permit its Subsidiaries directly or indirectly to pay any management, consulting or other similar fees to any Person, other than professional services fees to accountants, attorneys, engineers, architects and financial consultants in the ordinary course of business; provided, however, that, so long as EBITDA exceeds \$40,000,000 for such fiscal year, Borrower and its Subsidiaries may also pay professional fees to Homebase Acquisition LLC and its Affiliates for professional services actually rendered to Borrower and its Subsidiaries in an aggregate amount each fiscal year not to exceed \$2,000,000; provided, however, further, that Borrower and its Subsidiaries may not pay any accrued but unpaid professional or other fees included in calculating EBITDA if at the time a Default or Event of Default then exists or will result in the succeeding twelve (12) months after such payment based upon Borrower's Projections delivered to Administrative Agent pursuant to Subsection 4.6(G).

3.11 Conduct of Business. Borrower will not and will not permit its Subsidiaries directly or indirectly to engage in any business other than businesses of owning, constructing, managing and operating Telecommunications Systems.

3.12 Fiscal Year. Borrower will not and will not permit its Subsidiaries to change its or their fiscal year from a fiscal year ending on December 31 of each year.

3.13 Subsidiaries; Joint Ventures. Borrower will not and will not permit any of its Subsidiaries to directly or indirectly establish, create or acquire any Subsidiary unless Borrower shall cause any holder of capital stock, partnership interests, membership interests or other equity interests in such Subsidiary, in form and content satisfactory to Administrative Agent, to pledge to Administrative Agent, for the benefit of Lenders, all of such holder's right, title and interest in and to such capital stock, partnership interests, membership interests or other equity interests and shall cause each such Subsidiary, in form and content satisfactory to Administrative Agent, to guaranty the Obligations and to grant to Administrative Agent, for the benefit of Lenders, a security interest in all of its assets. Borrower will not and will not permit any of its Subsidiaries to become a partner or joint venture in any partnership or joint venture.

3.14 Modification of Material Contracts. Borrower will not amend, modify or change, or consent or agree to any amendment, modification or change to, any of the terms of any Material Contracts, except to the extent such change, amendment, modification or consent is not materially adverse to Agents or any Lender and would not otherwise have a Material Adverse Effect.

3.15 Prepayment of Indebtedness. Borrower will not and will not permit its Subsidiaries to prepay any Indebtedness other than Indebtedness to Lenders.

3.16 Inconsistent Agreements. Borrower will not, and will not permit any of its Subsidiaries to, enter into any agreement containing any provision which would (a) be violated or breached by any borrowing by Borrower hereunder or by the performance by Borrower or such Subsidiary of any of its obligations hereunder or under any other Loan Document (other than permitted capital leases and purchase money security agreements), (b) prohibit Borrower or such Subsidiary from granting to Administrative Agent, for the benefit of Lenders, a lien on any of its assets or (c) create or permit to exist or become effective any encumbrance or restriction on the ability of such Subsidiary to (i) pay dividends or make other distributions to its parent or any other applicable Subsidiary of its parent, or pay any Indebtedness owed to its parent or any Subsidiary of its parent, (ii) make loans or advances to its parent or (iii) transfer any of its assets or properties to its parent.

## SECTION 4

### FINANCIAL COVENANTS AND REPORTING

Borrower covenants and agrees that so long as this Agreement is in effect and until payment in full of all Obligations, unless Requisite Lenders (or such other number of Lenders as is required by Subsection 9.2) shall otherwise give their prior written consent, Borrower shall perform and comply with, and shall

cause its Subsidiaries to perform and comply with, all covenants in this Section 4. For purposes of this Section 4, all covenants calculated for Borrower shall be calculated on a consolidated basis for Borrower and its Subsidiaries.

4.1 Total Leverage Ratio. Commencing on the Closing Date, Borrower shall maintain at all times, measured at each fiscal quarter end occurring during the periods set forth below and maintained through the next measurement date, a Total Leverage Ratio less than or equal to the ratio set forth below opposite such period:

<u>Date</u>	<u>Ratio</u>
Closing Date through December 31, 2003	4.750:1.0
January 1, 2004, through December 31, 2004	4.50:1.0
January 1, 2005, through December 31, 2005	4.0:1.0
January 1, 2006 and thereafter	3.50:1.0

4.2 Pro Forma Debt Service Coverage Ratio. Commencing on the Closing Date, Borrower shall maintain at all times, measured at each fiscal quarter end and maintained through the next measurement date, a Pro Forma Debt Service Coverage Ratio greater than or equal to 1.50:1.0.

4.3 Fixed Charge Coverage Ratio. Commencing on the Closing Date, Borrower shall maintain at all times, measured at each fiscal quarter end and maintained through the next measurement date, a Fixed Charge Coverage Ratio greater than or equal to 1.05:1.0; provided, however, that this Subsection 4.3 shall not apply for any fiscal quarter end (and the period through the next measurement date) on which Borrower has achieved (and maintains) a Total Leverage Ratio of less than or equal to 2.50:1.0.

4.4 Interest Coverage Ratio. Commencing on the Closing Date, Borrower shall maintain at all times, measured at each fiscal quarter end occurring during each period set forth below, and maintained through the next measurement date, an Interest Coverage Ratio greater than or equal to the ratio set forth below opposite such date:

<u>Period</u>	<u>Interest Coverage Ratio</u>
Closing Date through June 30, 2004	2.50:1.0
July 1, 2004, through December 31, 2005	3.0:1.0
January 1, 2006, and thereafter	3.50:1.0

4.5 Capital Expenditures. Commencing with fiscal year ending December 31, 2003, Borrower and its Subsidiaries will not, during any fiscal year, make capital expenditures on a combined basis in an amount (each, a “Maximum Annual Amount”) that exceeds (A) in fiscal years ending December 31, 2003

and 2004, \$13,000,000 and (B) in each fiscal year thereafter, \$15,000,000; provided, however, if in any fiscal year Borrower and its Subsidiaries do not make capital expenditures in the full amount of the Maximum Annual Amount, then during the immediately succeeding fiscal year, and only in such immediately succeeding fiscal year, Borrower and its Subsidiaries may, in addition to the Maximum Annual Amount for such immediately succeeding fiscal year, make capital expenditures in an amount not to exceed the lesser of (A) the unused portion of the Maximum Annual Amount for the preceding fiscal year and (B) \$2,000,000 (each, a “Prior Year Unused Portion”). For purposes of determining the amount of any Maximum Annual Amount not used in any fiscal year, any Prior Year Unused Portion from the immediately preceding fiscal year shall be deemed to have been expended prior to any portion of the Maximum Annual Amount for such fiscal year.

4.6 Financial Statements and Other Reports. Borrower will and will cause its Subsidiaries to maintain a system of accounting established and administered in accordance with sound business practices to permit preparation of financial statements in conformity with GAAP (it being understood that quarterly financial statements are not required to have footnote disclosures or reflect year end adjustments). Borrower will deliver each of the financial statements and other reports described below to Administrative Agent (and each Lender in the case of the financial statements and other reports described in Subsections 4.6(A) through (I)).

(A) Quarterly Financials. As soon as available and in any event within sixty (60) days after the end of the first three (3) fiscal quarters of each fiscal year of Borrower, Borrower will deliver or cause to be delivered consolidated and consolidating balance sheets of Borrower and its Subsidiaries, as at the end of such fiscal quarter, and the related consolidated and consolidating statements of income, stockholders’ equity and cash flow for such fiscal quarter and for the period from the beginning of the then current fiscal year of Borrower to the end of such quarter.

(B) Year-End Financials. As soon as available and in any event within one hundred twenty (120) days after the end of each fiscal year of Borrower, Borrower will deliver or cause to be delivered (i) consolidated and consolidating balance sheets of Borrower and its Subsidiaries, as at the end of such year, and the related consolidated and consolidating statements of income, stockholders’ equity and cash flow for such fiscal year and (ii) a report with respect to such financial statements from Ernst & Young LLP or another firm of certified public accountants selected by Borrower and reasonably acceptable to Administrative Agent, which report shall be prepared in accordance with Statement of Auditing Standards No. 58 (the “Statement”), as amended, entitled “Reports on Audited Financial Statements” and such report shall be “Unqualified” (as such term is defined in such Statement).

(C) Borrower Compliance Certificate. Together with each delivery of financial statements of Borrower and its Subsidiaries pursuant to Subsections 4.6(A) and 4.6(B), Borrower will deliver or cause to be delivered a fully and properly completed compliance certificate in substantially the same form as Exhibit 4.6(C) (each, a “Compliance Certificate”) signed by the chief executive officer or chief financial officer of Borrower.



(D) Accountants' Reliance Letter. Together with each delivery of financial statements of Borrower and its Subsidiaries pursuant to Subsection 4.6(B), Borrower will deliver or cause to be delivered a copy of a letter addressed to Borrower's certified public accountants informing such accountants that a primary intent of Borrower for the professional services such accountants provided to Borrower in preparing their audit report was to benefit or influence Lenders and their successors or assigns, and identifying Lenders as parties that Borrower intends to rely on such professional services provided to Borrower by such accountants.

(E) Accountants' Reports. Promptly upon receipt thereof, Borrower will deliver or cause to be delivered copies of all significant reports submitted by Borrower's firm of certified public accountants in connection with each annual, interim or special audit or review of any type of the financial statements or related internal control systems of Borrower made by such accountants, including any comment letter submitted by such accountants to management in connection with their services.

(F) Management Report. Together with each delivery of financial statements of Borrower and its Subsidiaries pursuant to Subsections 4.6(A) and 4.6(B), Borrower will deliver or cause to be delivered a management report (i) outlining principal factors affecting performance and describing the operations and financial condition of Borrower and its Subsidiaries for the quarter then ended and the portion of the current fiscal year then elapsed (or for the fiscal year then ended in the case of year-end financials), including reports regarding access lines, DSL lines and vertical service penetration, (ii) setting forth in comparative form the corresponding figures for the corresponding periods of the previous fiscal year and the corresponding figures from the most recent Projections for the current fiscal year delivered pursuant to Subsection 4.6(G) and (iii) discussing the reasons for any significant variations. The information above shall be presented in reasonable detail and shall be certified by the chief financial officer of Borrower to the effect that, to his or her knowledge after reasonable diligence, such information fairly presents the results of operations and financial condition of Borrower and its Subsidiaries as at the dates and for the periods indicated.

(G) Projections. As soon as available and in any event no later than ten (10) days prior to the first day of each of Borrower's fiscal years, Borrower will deliver or cause to be delivered Projections of Borrower and its Subsidiaries for such fiscal year, quarter by quarter. Together with each delivery of consolidated and consolidating financial statements of Borrower and its Subsidiaries pursuant to Subsections 4.6(A) and 4.6(B), Borrower will deliver or cause to be delivered a schedule comparing the actual performance of Borrower and its Subsidiaries for such fiscal quarter and for the portion of the fiscal year then ended against the Projections for the then-current fiscal year delivered pursuant to this Subsection 4.6(G). Promptly after becoming aware thereof, Borrower will notify Administrative Agent of any material amendment to or deviation from such Projections and shall promptly provide revised Projections reflecting such amendment or deviation.

(H) SEC Filings and Press Releases. Promptly upon their becoming available, Borrower will deliver or cause to be delivered copies of (i) all financial statements, reports, notices and proxy statements sent or made available by Borrower or its Subsidiaries to its or their security holders, (ii) all regular and periodic reports and all registration statements and prospectuses, if any, filed by Borrower or any of its Subsidiaries with any securities exchange or with the Securities and Exchange Commission (the

“SEC”) or any governmental or private regulatory authority, and (iii) all press releases and other statements made available by Borrower or any of its Subsidiaries to the public concerning developments in the business of any such Person.

(I) Events of Default, Etc. Promptly upon any executive officer of Borrower obtaining knowledge of any of the following events or conditions, Borrower will deliver or cause to be delivered copies of all notices given or received by Borrower or any of its Subsidiaries with respect to any such event or condition and a certificate of Borrower’s chief executive officer specifying the nature and period of existence of such event or condition and what action Borrower has taken, is taking and proposes to take with respect thereto: (i) any condition or event that constitutes an Event of Default or Default; (ii) any notice that any Person has given to Borrower or any of its Subsidiaries or any other action taken with respect to a claimed default or event or condition of the type referred to in Subsection 6.1(B); or (iii) any event or condition that could reasonably be expected to have a Material Adverse Effect.

(J) Litigation. Promptly upon any executive officer of Borrower obtaining knowledge of (i) the institution of any action, suit, proceeding, governmental investigation or arbitration against or affecting Borrower or any of its Subsidiaries not previously disclosed by Borrower to Administrative Agent or (ii) any material development in any action, suit, proceeding, governmental investigation or arbitration at any time pending against or affecting Borrower or any of its Subsidiaries which, in each case, could reasonably be expected to have a Material Adverse Effect, Borrower will give notice thereof promptly to Administrative Agent and provide such other information as may be reasonably available to Borrower to enable Administrative Agent and its counsel to evaluate such matter.

(K) Supplemented Schedules. Annually, concurrently with Borrower’s delivery of the Projections required by Subsection 4.6(G), Borrower will supplement in writing and deliver revisions of the Schedules annexed to this Agreement to the extent necessary to disclose material new or changed facts or circumstances after the Closing Date; provided that subsequent disclosures shall not constitute a cure or waiver of any Default or Event of Default resulting from the matters disclosed.

(L) Regulatory and Other Notices. Within fifteen (15) days after filing, receipt or becoming aware thereof, Borrower will deliver or cause to be delivered copies of any filings or communications sent to or notices and other communications received by Borrower or any of its Subsidiaries from any Governmental Authority, including the FCC, any applicable PUC and the SEC, relating to any noncompliance by Borrower or any of its Subsidiaries with any law or with respect to any matter or proceeding the effect of which could reasonably be expected to have a Material Adverse Effect or which could reasonably be expected to result in a material adverse amendment, change or termination of any License.

(M) Material Adverse Effect. Promptly after becoming aware thereof, Borrower will give written notice to Administrative Agent of any change in events or changes in facts or circumstances affecting Borrower or any of its Subsidiaries which individually or in the aggregate have had or could reasonably be expected to have a Material Adverse Effect.

(N) Change in Control. Promptly after becoming aware thereof, Borrower will give written notice to Administrative Agent of any change in ownership of Borrower or any material change in the management of Borrower.

(O) Filings and Notices. Promptly upon receipt or availability, Borrower will deliver or cause to be delivered to Administrative Agent copies of (i) all material FCC filings, orders or other writings delivered to or filed by Borrower or any of its Subsidiaries relating to the Licenses and (ii) all notices delivered to or given by Borrower or any of its Subsidiaries relating to a breach or default, including any threatened action with respect thereto, under any of the Material Contracts.

(P) Environmental Notices. Immediately after becoming aware of any violation by Borrower of Environmental Laws or immediately upon receipt of any notice that a Governmental Authority has asserted that Borrower or any of its Subsidiaries is not in compliance with Environmental Laws or that its compliance is being investigated, Borrower will give notice to Administrative Agent thereof and provide such other information as may be reasonably available to Borrower to enable Administrative Agent to reasonably evaluate such matter.

(Q) ERISA Events. Immediately after becoming aware of any ERISA Event, accompanied by any materials required to be filed with the PBGC with respect thereto; immediately after Borrower's or any of its Subsidiaries' receipt of any notice concerning the imposition of any withdrawal liability under Section 4042 of ERISA with respect to a Plan; immediately upon the establishment of any Pension Plan not existing at the Closing Date or the commencement of contributions by Borrower or any of its Subsidiaries to any Pension Plan to which Borrower or any of its Subsidiaries was not contributing at the Closing Date; and immediately upon becoming aware of any other event or condition regarding a Plan or Borrower's, or any of its Subsidiaries' or an ERISA Affiliate's compliance with ERISA which could reasonably be expected to have a Material Adverse Effect, Borrower will give notice to Administrative Agent thereof and provide such other information as may be reasonably available to Borrower to enable Administrative Agent to reasonably evaluate such matter.

(R) Other Information. With reasonable promptness, Borrower will deliver such other information and data with respect to Borrower or any of its Subsidiaries as from time to time may be reasonably requested by any Lender.

4.7 Accounting Terms; Utilization of GAAP for Purposes of Calculations Under Agreement. For purposes of this Agreement, all accounting terms not otherwise defined herein shall have the meanings assigned to such terms in conformity with GAAP. Except as otherwise expressly provided, financial statements and other information furnished to Agents or the Lenders pursuant to this Agreement shall be prepared in accordance with GAAP as in effect at the time of such preparation. No "Accounting Changes" (as defined below) shall affect financial covenants, standards or terms in this Agreement; provided that

Borrower shall prepare footnotes to each Compliance Certificate and the financial statements required to be delivered hereunder that show the differences between the financial statements delivered (which reflect such Accounting Changes) and the basis for calculating financial covenant compliance in accordance with GAAP as in effect as of the Closing Date (without reflecting such Accounting Changes). "Accounting Changes" means: (i) changes in accounting principles required by GAAP and implemented by Borrower; (ii) changes in accounting principles recommended by Borrower's certified public accountants and implemented by Borrower; and (iii) changes in the method of determining carrying value of Borrower's or any of its Subsidiaries' assets, liabilities or equity accounts. All such adjustments resulting from expenditures made subsequent to the Closing Date (including, but not limited to, capitalization of costs and expenses or payment of pre-Closing Date liabilities) shall be treated as expenses in the period the expenditures are made.

## SECTION 5

### REPRESENTATIONS AND WARRANTIES

In order to induce Administrative Agent and Lenders to enter into this Agreement and to make Loans, Borrower represents and warrants to Administrative Agent and each Lender on the Closing Date and on the date of each request for a Loan that the following statements are true, correct and complete:

5.1 Disclosure. No information furnished by or on behalf of Borrower or any of its Subsidiaries contained in this Agreement, the financial statements referred to in Subsection 5.8, or any other document, certificate, opinion or written statement furnished to Administrative Agent or any Lender pursuant to this Agreement contains any untrue statement of a material fact or omitted, omits or will omit to state a material fact necessary in order to make the statements contained herein or therein not misleading in light of the circumstances in which the same were made. Borrower is not aware of any facts which it has not disclosed in writing to Administrative Agent having a Material Adverse Effect, or insofar as Borrower can now foresee, that could reasonably be expected to have a Material Adverse Effect.

5.2 No Material Adverse Effect. Since December 31, 2001, there has been no event or change in facts or circumstances affecting Borrower or any of its Subsidiaries or of the assets or operations to be acquired by Borrower pursuant to the Acquisition Agreement which individually or in the aggregate have had or could reasonably be expected to have a Material Adverse Effect and that have not been disclosed herein or in the attached Schedules.

5.3 Organization, Powers, Authorization and Good Standing.

(A) Organization and Powers. Each of Borrower and its Subsidiaries is a limited liability company, corporation or partnership duly organized, validly existing and in good standing under the laws of its jurisdiction of organization or incorporation (which jurisdiction is set forth on Schedule 5.3(A)). Each of Borrower and its Subsidiaries has all requisite legal power and authority to own and operate its properties,

to carry on its business as now conducted and proposed to be conducted, to enter into each Loan Document to which it is a party and to carry out its respective obligations with respect thereto.

(B) Authorization; Binding Obligation. Each of Borrower and its Subsidiaries has taken all necessary limited liability company, corporate, partnership and other action to authorize the execution, delivery and performance of this Agreement and each of the other Loan Documents to which it is a party. This Agreement is, and the other Loan Documents when executed and delivered will be, the legally valid and binding obligations of the applicable parties thereto (other than Administrative Agent and the Lenders), each enforceable against each of such parties, as applicable, in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar state or federal debt or relief laws from time to time in effect which affect the enforcement of creditors' rights in general and general principles of equity.

(C) Qualification. Each of Borrower and its Subsidiaries is duly qualified and authorized to do business and in good standing in each jurisdiction where the nature of its business and operations requires such qualification and authorization, except where the failure to be so qualified, authorized and in good standing could not reasonably be expected to have a Material Adverse Effect. All jurisdictions in which each such Person is qualified and authorized to do business are set forth on Schedule 5.3(C).

5.4 Compliance of Agreement, Loan Documents and Borrowings with Applicable Law. Except as set forth on Schedule 5.4 hereto, the execution, delivery and performance by Borrower and its Subsidiaries of the Loan Documents to which each is a party, the borrowings hereunder and the transactions contemplated hereby and thereby do not and will not, by the passage of time, the giving of notice or otherwise, (i) require any Governmental Approval or violate any Applicable Law relating to Borrower or any of its Subsidiaries, (ii) conflict with, result in a breach of or constitute a default under the articles of incorporation, bylaws or other organizational documents of Borrower or any of its Subsidiaries or any Material Contract to which such Person is a party or by which any of its properties may be bound or any Governmental Approval relating to such Person or (iii) except as required or permitted under the Loan Documents, result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by such Person.

5.5 Compliance with Law; Governmental Approvals. Each of Borrower and its Subsidiaries (i) has, or has the right to use, all material Governmental Approvals, including the Licenses, required by any Applicable Law for it to conduct its business and (ii) is in material compliance with each Governmental Approval, including the Licenses, applicable to it and in compliance with all other Applicable Laws relating to it or any of its respective properties the violation of which could reasonably be expected to have a Material Adverse Effect. Each such Governmental Approval is in full force and effect, is final and not subject to review on appeal and is not the subject of any pending or threatened attack by direct or collateral proceeding.

5.6 Tax Returns and Payments. Except as set forth on Schedule 5.6 hereof, each of Borrower and its Subsidiaries has duly filed or caused to be filed all federal, state, local and other tax returns required by Applicable Law to be filed, and has paid, or made adequate provision for the payment of, all federal, state, local and other taxes, assessments and governmental charges or levies upon it and its property,

income, profits and assets which are due and payable, except where the payment of such tax is being diligently contested in good faith and adequate reserves therefor have been established in compliance with GAAP. The charges, accruals and reserves on the books of Borrower and its Subsidiaries in respect of federal, state, local and other taxes for all fiscal years and portions thereof are in the judgment of Borrower adequate, and neither Borrower nor any of its Subsidiaries anticipates any additional material taxes or assessments for any of such years.

5.7 Environmental Matters. Each of Borrower and its Subsidiaries is in compliance in all material respects with all applicable Environmental Laws, and there is no contamination at, under or about the properties or operations of Borrower and its Subsidiaries, which interfere in any material respect with the continued operation of such properties or impair in any material respect the fair saleable value thereof or with such operations, except for any such violations or contamination as could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

5.8 Financial Statements.

(A) All financial statements concerning Borrower and its Subsidiaries which have been furnished to Administrative Agent or any Lender pursuant to this Agreement have been prepared in accordance with GAAP consistently applied (except as disclosed therein) and present fairly the financial condition of the Persons covered thereby as of the date thereof and the results of their operations for the periods covered thereby and do and will disclose all material liabilities and Contingent Obligations of Borrower or its Subsidiaries as at the dates thereof. Neither Borrower nor any of its Subsidiaries has outstanding, as of the Closing Date, and after giving effect to the initial Loans hereunder on the Closing Date, any Indebtedness for borrowed money or Contingent Obligations other than (i) the Loans, (ii) the Indebtedness permitted under Subsection 3.1, and (iii) the Contingent Obligations permitted under Subsection 3.4.

(B) All Projections concerning Borrower and its Subsidiaries which have been furnished to Administrative Agent or Lenders were prepared and presented in good faith by or on behalf of Borrower and such Subsidiaries. No fact is known to Borrower which materially and adversely affects or in the future is reasonably likely (so far as Borrower can reasonably foresee) to have a Material Adverse Effect which has not been set forth in the financial statements referred to in Subsection 5.8(A) hereof or in such information, reports, papers and data or otherwise disclosed in writing to Administrative Agent or Lenders prior to the date hereof.

5.9 Intellectual Property. Each of Borrower and its Subsidiaries owns, or possesses through valid licensing arrangements, the right to use all patents, copyrights, trademarks, trade names, service marks, technology know-how and processes used in or necessary for the conduct of its business as currently or anticipated to be conducted (collectively, the “Intellectual Property Rights”) without infringing upon any validly asserted rights of others. No event has occurred which permits, or after notice or lapse of time or both would permit, the revocation or termination of any such rights. Neither Borrower nor any of its Subsidiaries has been threatened with any litigation regarding Intellectual Property Rights that would present a material impediment to the business of any such Person.

5.10 Litigation, Investigations, Audits, Etc. Except as set forth on Schedule 5.10, there is no action, suit, proceeding or investigation pending against, or, to the knowledge of Borrower, threatened against or in any other manner relating adversely to, Borrower or any of its Subsidiaries or any of their respective properties, including the Licenses, in any court or before any arbitrator of any kind or before or by any Governmental Authority (including the FCC), except such as affect the telecommunications industry generally. None of the actions, suits, proceedings or investigations disclosed on Schedule 5.10 (i) calls into question the validity of this Agreement or any other Loan Document, or (ii) individually or collectively involves the possibility of any judgment or liability not fully covered by insurance which, if determined adversely to Borrower or any of its Subsidiaries, could reasonably be expected to have a Material Adverse Effect. Neither Borrower nor any of its Subsidiaries is the subject of any review or audit by the Internal Revenue Service or any investigation by any Governmental Authority concerning the violation or possible violation of any law.

5.11 Employee Labor Matters. Except as set forth on Schedule 5.11, (i) none of Borrower, its Subsidiaries nor any of their respective employees is subject to any collective bargaining agreement, (ii) no petition for certification or union election is pending with respect to the employees of any such Person and no union or collective bargaining unit has sought such certification or recognition with respect to the employees of any such Person and (iii) there are no strikes, slowdowns, unfair labor practice complaints, work stoppages or controversies pending or, to the best knowledge of Borrower after due inquiry, threatened between any such Person and its respective employees, other than employee grievances arising in the ordinary course of business which could not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

5.12 ERISA Compliance. Except as specifically disclosed in Schedule 5.12:

(A) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the IRC and other federal or state law. Each Plan which is intended to qualify under Section 401(a) of the IRC has received a favorable determination letter from the Internal Revenue Service and to the best knowledge of Borrower, nothing has occurred that would cause the loss of such qualification. Borrower and each ERISA Affiliate has made all required contributions to any Plan subject to Section 412 of the IRC, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the IRC has been made with respect to any Plan.

(B) There are no pending or, to the best knowledge of Borrower, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan which has resulted or could reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which has resulted or could reasonably be expected to have a Material Adverse Effect.

(C) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) no Pension Plan has any unfunded liability; (iii) neither Borrower nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) neither Borrower nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which,

with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multi-employer Plan; and (v) neither Borrower nor any ERISA Affiliate has engaged in a transaction that could subject any Person to Section 4069 or 4212(c) of ERISA.

5.13 Communications Regulatory Matters.

(A) Schedule 5.13(A) sets forth a true and complete list of the following information for each License issued to or used by Borrower or its Subsidiaries: the name of the licensee; the type of service; the expiration date; and the geographic area covered by such License.

(B) The Licenses are valid and in full force and effect without conditions except for such conditions as are generally applicable to holders of such Licenses. No event has occurred and is continuing which could reasonably be expected to (i) result in the imposition of a material forfeiture or the revocation, termination or adverse modification of any such License or (ii) materially and adversely affect any rights of Borrower or its Subsidiaries or any other holder thereunder. Borrower has no reason to believe and has no knowledge that any License will not be renewed in the ordinary course. Neither Borrower nor any of its Subsidiaries, nor, to Borrower's knowledge, the McLeod Entities, is a party to any investigation, notice of violation, order or complaint issued by or before the FCC or any PUC, and there are no proceedings pending by or before the FCC or any PUC which could in any manner threaten or adversely affect the validity of any License or the right of the McLeod Entities to transfer such Licenses.

(C) All of the material properties, equipment and systems owned, leased or managed by Borrower or its Subsidiaries are, and (to the best knowledge of Borrower) all such property, equipment and systems to be acquired or added in connection with any contemplated system expansion or construction will be, in good repair, working order and condition (reasonable wear and tear excepted) and are and will be in compliance with all terms and conditions of the Licenses and all standards or rules imposed by any Governmental Authority or as imposed under any agreements with telephone companies and customers.

(D) Each of Borrower and its Subsidiaries has paid all material franchise, license or other fees and charges which have become due pursuant to any Governmental Approval in respect of its business and has made appropriate provision as is required by GAAP for any such fees and charges which have accrued.

5.14 Perfection and Priority. Except for Permitted Encumbrances, the Security Interest is a valid and perfected first priority lien, security title or security interest in the Collateral in favor of Administrative Agent, for the benefit of Administrative Agent and Lenders, securing, in accordance with the terms of the Security Documents, the Obligations, and the Collateral is subject to no Lien other than permitted pursuant to Subsection 3.2. The Security Interest is enforceable as security for the Obligations in accordance with its terms.

5.15 Solvency. Each of Borrower and its Subsidiaries: (i) owns and will own assets the present fair saleable value of which are (a) greater than the total amount of liabilities (including contingent liabilities) of Borrower or its Subsidiaries and (b) greater than the amount that will be required to pay the probable liabilities of its then existing debts and liabilities as they become absolute and matured considering all



financing alternatives and potential asset sales reasonably available to Borrower or such Subsidiary; (ii) has capital that is not unreasonably small in relation to its business as presently conducted or after giving effect to any contemplated transaction; and (iii) does not intend to incur and does not believe that it will incur debts and liabilities beyond its ability to pay such debts and liabilities as they become due.

5.16 Investment Company Act; Public Utility Holding Act. None of Borrower or any of its Subsidiaries is an “investment company” as that term is defined in and is not otherwise subject to regulation under, the Investment Company Act of 1940, as amended. None of Borrower or any of its Subsidiaries is a “holding company” as that term is defined in, and is not otherwise subject to regulation under, the Public Utility Holding Company Act of 1935, as amended.

5.17 Certain Agreements and Material Contracts. Schedule 5.17 sets forth a complete and accurate list of all loan agreements, indentures, guarantees, capital leases and other similar credit or reimbursement agreements and all Material Contracts of Borrower and its Subsidiaries. Each of Borrower and its Subsidiaries has performed all of its material obligations under such agreements and Material Contracts and, to the best knowledge of Borrower, each other party thereto is in compliance with each such agreement or Material Contract. Each such agreement or Material Contract is in full force and effect in accordance with the terms thereof. Borrower has made available a true and complete copy of each such agreement or Material Contract listed on Schedule 5.17 for inspection by Administrative Agents.

5.18 Subsidiaries and Affiliates. Schedule 5.18 sets forth a complete and accurate list of all direct or indirect Subsidiaries and Affiliates of Borrower, including for each such Subsidiary whether such Subsidiary is wholly-owned by Borrower, and if not, the percentage ownership of Borrower or its Subsidiary in such Subsidiary.

5.19 Title to Properties. Borrower and each of its Subsidiaries has such title or leasehold interest in and to the real property or interests therein, including easements, licenses and similar rights in real estate, owned or leased by it as is necessary or desirable to the conduct of its business and valid and legal title or leasehold interest in and to all of its personal property, including those reflected on the balance sheets of Borrower delivered pursuant to Subsection 5.8, except those which have been disposed of by Borrower subsequent to such date which dispositions have been in the ordinary course of business or as otherwise expressly permitted hereunder. Set forth on Schedule 5.19 is a true and complete list of substantially all such real property or interests therein owned or leased by Borrower and its Subsidiaries.

5.20 Transactions with Affiliates. No Affiliate and no officer or director or any individual related by blood, marriage, adoption or otherwise to any such officer or director, or any Person in which any such officer or director or individual related thereto owns any beneficial interest, is a party to any agreement, contract, commitment or transaction with Borrower or has any material interest in any material property used by Borrower, except as permitted by Subsection 3.9.

5.21 No Restrictions. None of Borrower nor any of its Subsidiaries is a party or subject to any contract, agreement or restriction in its organizational documents that materially and adversely affects its business or the use or ownership of any of its properties or operation of its business as contemplated in its Projections. None of Borrower nor any of its Subsidiaries is a party or subject to any contract or

agreement which restricts its right or ability to incur Indebtedness, other than as set forth in Schedule 5.21, none of which prohibit Borrower's or any of its Subsidiaries' execution of or compliance with this Agreement or the other Loan Documents. None of Borrower nor any of its Subsidiaries has agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of the Collateral, whether now owned or hereafter acquired, to be subject to a Lien that is not a Permitted Encumbrance.

## SECTION 6

### EVENTS OF DEFAULT AND RIGHTS AND REMEDIES

6.1 Event of Default. "Event of Default" shall mean the occurrence or existence of any one or more of the following:

(A) Payment. Failure to repay any outstanding principal amount of the Loans at the time required pursuant to this Agreement, or failure to pay any interest on any Loan or failure to pay any other amount due under this Agreement or any of the other Loan Documents; or

(B) Default in Other Agreements. (i) Failure of Borrower, any of its Subsidiaries or any Guarantor to pay when due or within any applicable grace period any principal or interest on Indebtedness (other than the Loans) or any Contingent Obligation, (ii) any other breach or default of Borrower, any of its Subsidiaries or any Guarantor with respect to any Indebtedness (other than the Loans) or any Contingent Obligation, if the effect of such breach or default is to cause or to permit the holder or holders then to cause such Indebtedness or Contingent Obligation having an aggregate principal amount for Borrower, its Subsidiaries and any Guarantor in excess of \$500,000 to become or be declared due prior to its stated maturity or (iii) the continuation of any breach or default of Borrower or any of its Subsidiaries under any Material Contract beyond any applicable grace period; or

(C) Breach of Certain Provisions. Failure of Borrower, any of its Subsidiaries or any Guarantor to perform or comply with any term or condition contained in that portion of Subsection 2.2 relating to Borrower's or any of its Subsidiaries' obligation to maintain insurance, Subsection 2.4, Section 3 or Section 4; or

(D) Breach of Warranty. Any representation, warranty, certification or other statement made by Borrower or any Guarantor in any Loan Document or in any statement or certificate at any time given by Borrower or any Guarantor in writing pursuant to any Loan Document is false in any material respect on the date made or deemed made; or

(E) Other Defaults Under Loan Documents. Borrower, any of its Subsidiaries, any Guarantor or any other party (other than Administrative Agent or Lenders) breaches or defaults in the performance of or compliance with any term contained in this Agreement or the other Loan Documents and such default is not remedied or waived within thirty (30) days after receipt by Borrower, any such Subsidiary, such Guarantor or such other party of notice from Administrative Agent or Requisite Lenders of

such default (other than occurrences described in other provisions of this Subsection 6.1 for which a different grace or cure period is specified or which constitute immediate Events of Default); or

(F) Involuntary Bankruptcy; Appointment of Receiver; Etc. (i) A court enters a decree or order for relief with respect to Borrower, any of its Subsidiaries or any Guarantor in an involuntary case under the Bankruptcy Code, which decree or order is not stayed or other similar relief is not granted under any applicable federal or state law within forty-five (45) days; or (ii) the continuance of any of the following events for forty-five (45) days unless dismissed, bonded or discharged: (a) an involuntary case is commenced against Borrower, any of its Subsidiaries or any Guarantor, under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect; or (b) a decree or order of a court for the appointment of a receiver, liquidator, sequestrator, trustee, custodian or other officer having similar powers over Borrower, any of its Subsidiaries or any Guarantor, or over all or a substantial part of their respective property, is entered; or (c) an interim receiver, trustee or other custodian is appointed without the consent of Borrower, any of its Subsidiaries or any Guarantor, for all or a substantial part of the property of Borrower, any of its Subsidiaries or any Guarantor; or

(G) Voluntary Bankruptcy; Appointment of Receiver; Etc. Borrower, any of its Subsidiaries or any Guarantor (i) commences a voluntary case under the Bankruptcy Code, files a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding up or composition for adjustment of debts of Borrower, any of its Subsidiaries or any Guarantor, or consents to, or fails to contest in a timely and appropriate manner, the entry of an order for relief in an involuntary case, the conversion of an involuntary case to a voluntary case under any such law, or the appointment of or taking possession by a receiver, trustee or other custodian of all or a substantial part of the property of Borrower, any of its Subsidiaries or any Guarantor; or (ii) makes any assignment for the benefit of creditors; or (iii) the Board of Directors or the shareholders of Borrower, any of its Subsidiaries or any Guarantor adopts any resolution or otherwise authorizes action to approve any of the actions referred to in this Subsection 6.1(G); or

(H) Governmental Liens. Any Lien, levy or assessment (other than Permitted Encumbrances) is filed or recorded with respect to or otherwise imposed upon all or any part of the Collateral or the other assets of Borrower, any of its Subsidiaries or any Guarantor by the United States or any department or instrumentality thereof or by any state, county, municipality or other Governmental Authority; or

(I) Judgment and Attachments. Any money judgment, writ or warrant of attachment or similar process (other than those described in Subsection 6.1(H)) involving an amount in any individual case or in the aggregate for or against Borrower, its Subsidiaries and/or any Guarantor at any time in excess of \$500,000 (in either case not adequately covered by insurance as to which the insurance company has acknowledged coverage) is entered or filed against Borrower, any of its Subsidiaries or any Guarantor or any of their respective assets and remains undischarged, unvacated, unbonded or unstayed for a period of sixty (60) days or in any event later than five (5) Business Days prior to the date of any proposed sale thereunder; or

(J) Dissolution. Any order, judgment or decree is entered against Borrower, any of its Subsidiaries or any Guarantor decreeing the dissolution or split up of Borrower, any of its Subsidiaries or any Guarantor and such order remains undischarged or unstayed for a period in excess of fifteen (15) days; or

(K) Solvency. Borrower, any of its Subsidiaries or any Guarantor ceases to be solvent or Borrower, any of its Subsidiaries or any Guarantor admits in writing its present or prospective inability to pay its debts as they become due; or

(L) Injunction. Borrower, any of its Subsidiaries or any Guarantor is enjoined, restrained or in any way prevented by the order of any court or any Governmental Authority from conducting all or any material part of its business and such order continues for more than sixty (60) days; or

(M) ERISA; Pension Plans. (i) Borrower, any of its Subsidiaries or any Guarantor fails to make full payment when due of all amounts which, under the provisions of any Plans or any applicable provisions of the IRC, any such Person is required to pay as contributions thereto and such failure results in or could reasonably be expected to have a Material Adverse Effect; or (ii) an accumulated funding deficiency occurs or exists, whether or not waived, with respect to any such Plans; or (iii) any Plan of Borrower, any of its Subsidiaries or any Guarantor loses its status as a qualified plan under the IRC and such loss results in or could reasonably be expected to have a Material Adverse Effect; or

(N) Environmental Matters. Borrower, any of its Subsidiaries or any Guarantor fails to: (i) obtain or maintain any operating licenses or permits required by environmental authorities; (ii) begin, continue or complete any remediation activities as required by any environmental authorities; (iii) store or dispose of any hazardous materials in accordance with applicable Environmental Laws; or (iv) comply with any other Environmental Laws, if in any such case such failure could reasonably be expected to have a Material Adverse Effect; or

(O) Invalidity of Loan Documents. Any of the Loan Documents for any reason, other than a partial or full release in accordance with the terms thereof, ceases to be in full force and effect or is declared to be null and void or Borrower, any of its Subsidiaries or any Guarantor denies that it has any further liability under any Loan Documents to which it is party, or gives notice to such effect; or

(P) Damage; Strike; Casualty. Any material damage to, or loss, theft or destruction of, any Collateral, whether or not insured, or any strike, lockout, labor dispute, embargo, condemnation, act of God or public enemy or other casualty that causes, for more than fifteen (15) consecutive days, the cessation or substantial curtailment of revenue producing activities at any facility of Borrower, any of its Subsidiaries or any Guarantor if any such event or circumstance results in or could reasonably be expected to have a Material Adverse Effect; or

(Q) Licenses Permits and Contracts. (i) The loss, suspension or revocation of, or failure to renew, any license or permit now held or hereafter acquired or utilized by Borrower, any of its Subsidiaries, if such loss, suspension, revocation or failure to renew could reasonably be expected to have a Material Adverse Effect; (ii) one or more Licenses shall be terminated, revoked, modified or fail to be renewed at its

stated expiration; or (iii) any breach, default or termination shall have occurred under any Material Contract by any of the parties thereto, or any Material Contract shall fail to be renewed or otherwise have ceased to be in full force and effect, and such breach, default, failure, cessation or termination could reasonably be expected to have a Material Adverse Effect, unless such Material Contract is replaced by a comparable Material Contract (in the judgment of Requisite Lenders) prior to or concurrent with such breach, default, failure, cessation or termination; or

(R) Failure of Security. Administrative Agent, for the benefit of Administrative Agent and Lenders, does not have or ceases to have a valid and perfected first priority security interest (subject to Permitted Encumbrances), in the Collateral or any substantial portion thereof, in each case, for any reason other than the failure of Administrative Agent to take any action within its control, and Borrower, its Subsidiaries and Guarantors fail to promptly correct such failure or cessation; or

(S) Change in Control. (i) A Change in Control regarding Homebase Acquisition, LLC; (ii) Homebase Acquisition, LLC ceases to own one hundred percent (100%) of the outstanding capital stock of parent; (iii) Parent ceases to own one hundred percent (100%) of the outstanding capital stock of Borrower; or (iv) Borrower ceases to own one hundred percent (100%) of the outstanding ownership interests of any Guarantor (other than Parent); or

(T) Material Adverse Effect. Any event not referred to elsewhere in this Subsection 6.1 shall occur which results in a Material Adverse Effect.

6.2 Suspension of Commitments. Upon the occurrence and during the continuation of any Default or Event of Default (but subject to Subsection 6.3), and without limiting any other right or remedy hereunder, Administrative Agent and each Lender, without notice or demand, may immediately cease making additional Loans and cause its obligation to lend its Pro Rata Share of each Loan Commitment to be suspended; provided that, in the case of a Default, if the subject condition or event is cured by Borrower to the reasonable satisfaction of Requisite Lenders, or waived or cured by Requisite Lenders, within any applicable grace or cure period, any suspended portion of the Loan Commitments shall be reinstated.

6.3 Acceleration. Upon the occurrence of any Event of Default described in the foregoing Subsections 6.1(F) or 6.1(G), the unpaid principal amount of and accrued interest and fees on the Loans and all other Obligations shall automatically become immediately due and payable, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration or other requirements of any kind, all of which are hereby expressly waived by Borrower, and the obligations of Administrative Agent and Lenders to make Loans shall thereupon terminate. Upon the occurrence and during the continuance of any other Event of Default, Administrative Agent may, and upon written demand by Requisite Lenders shall, by written notice to Borrower declare all or any portion of the Loans and all or some of the other Obligations to be, and the same shall forthwith become, immediately due and payable together with accrued interest thereon, and upon such acceleration the obligations of Administrative Agent and Lenders to make Loans shall thereupon terminate.

6.4 Rights of Collection. Upon the occurrence and during the continuation of any Event of Default and at any time thereafter, unless and until such Event of Default is cured, or waived by Requisite

Lenders, Administrative Agent may exercise on behalf of Lenders all of their other rights and remedies under this Agreement, the other Loan Documents and Applicable Law, in order to satisfy all of Borrower's Obligations.

6.5 Consents. Borrower acknowledges that certain transactions contemplated by this Agreement and the other Loan Documents and certain actions which may be taken by Administrative Agent or Lenders in the exercise of their respective rights under this Agreement and the other Loan Documents may require the consent of a Governmental Authority. If counsel to Administrative Agent reasonably determines that the consent of a Governmental Authority is required in connection with the execution, delivery and performance of any of the aforesaid Loan Documents or any Loan Documents delivered to Administrative Agent or Lenders in connection therewith or as a result of any action which may be taken pursuant thereto, then Borrower, at Borrower's sole cost and expense, agrees to use its reasonable efforts, and to cause its Subsidiaries to use their reasonable best efforts, to secure such consent and to cooperate with Administrative Agent and Lenders in any action commenced by Administrative Agent or any Lender to secure such consent.

6.6 Performance by Administrative Agent. If Borrower or any Guarantor shall fail to perform any covenant, duty or agreement contained in any of the Loan Documents, Administrative Agent may perform or attempt to perform such covenant, duty or agreement on behalf of Borrower after the expiration of any cure or grace periods set forth herein. In such event, Borrower shall be obligated, at the request of Administrative Agent, to promptly pay any amount reasonably expended by Administrative Agent in such performance or attempted performance to Administrative Agent, together with interest thereon at the highest rate of interest in effect upon the occurrence of an Event of Default as specified in Subsection 1.2(E) from the date of such expenditure until paid. Notwithstanding the foregoing, it is expressly agreed that Administrative Agent shall not have any liability or responsibility for the performance of any obligation of Borrower under this Agreement or any other Loan Document.

6.7 Set Off and Sharing of Payments. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, during the continuance of any Event of Default, each Lender is hereby authorized by Borrower at any time or from time to time, with reasonably prompt subsequent notice to Borrower (any prior or contemporaneous notice being hereby expressly waived) to set off and to appropriate and to apply any and all (A) balances held by such Lender at any of its offices for the account of Borrower or any of its Subsidiaries (regardless of whether such balances are then due to Borrower or any of its Subsidiaries), and (B) except as provided in Subsection 8.2(J), other property at any time held or owing by such Lender to or for the credit or for the account of Borrower or any of its Subsidiaries, against and on account of any of the Obligations; provided, that no Lender shall exercise any such right without the prior written consent of Administrative Agent. Any Lender exercising a right to set off shall, to the extent the amount of any such set off exceeds its Pro Rata Share of the amount set off, purchase for cash (and the other Lenders shall sell) interests in each such other Lender's Pro Rata Share of the Obligations as would be necessary to cause such Lender to share such excess with each other Lender in accordance with their respective Pro Rata Shares. Borrower agrees, to the fullest extent permitted by law, that any Lender may exercise its right to set off with respect to amounts in excess of its Pro Rata Share of the Obligations and upon doing so shall deliver such excess to Administrative Agent for

the benefit of all Lenders in accordance with their Pro Rata Shares; provided, that CoBank may exercise its rights against any equity of CoBank held by Borrower without complying with this sentence.

6.8 Application of Payments. Subsequent to the acceleration of the Loans pursuant to Subsection 6.3, all payments received by the Lenders on the Obligations and on the proceeds from the enforcement of the Obligations shall be distributed pro rata among the Loans and shall be further applied among Administrative Agent and the Lenders as follows: first, to all Administrative Agent's and Lenders' fees and expenses then due and payable; then to all other expenses then due and payable by Borrower or any Guarantor under the Loan Documents; then to all indemnitee obligations then due and payable by Borrower or any Guarantor under the Loan Documents; then to all commitment and other fees and commissions then due and payable by Borrower or any Guarantor under the Loan Documents; then to accrued and unpaid interest on the Loans (pro rata) in accordance with all such amounts due on the Loans); and then to the principal amount of the Loans (pro rata among all Loans), in that order. Any remaining monies not applied as provided in this Subsection 6.8 shall be paid to Borrower or any Person lawfully entitled thereto.

6.9 Adjustments. If any Lender (a "Benefited Lender") shall at any time receive any payment of all or part of its Loans, or interest thereon in a greater proportion than any such payment received by any other Lender, if any, in respect of such other Lender's Loans, or interest thereon, such Benefited Lender shall, to the extent permitted by Applicable Law, purchase for cash from the other Lenders such portion of each such other Lender's Loans as shall be necessary to cause such Benefited Lender to share the excess payment or benefits ratably with each Lender; provided, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned to the extent of such recovery, but without interest. Borrower agrees that each Lender so purchasing a portion of another Lender's Loans may exercise all rights of payment (including rights of set-off) with respect to such portion as fully as if such Lender were the direct holder of such portion. This Subsection 6.9 shall not apply to any action taken by CoBank with respect to equity in it held by Borrower.

## SECTION 7

### CONDITIONS TO LOANS

The obligations of Lenders to make Loans are subject to satisfaction of all of the applicable conditions set forth below.

7.1 Conditions to Initial Loan. The obligations of Lenders to make the initial Loans on the Closing Date are, in addition to the conditions precedent specified in Subsection 7.2, subject to the satisfaction of each of the following conditions:

(A) Executed Loan and Other Documents. (i) This Agreement, (ii) the Notes, (iii) the Borrower Pledge Agreement, (iv) the Guaranties, (v) the Borrower Security Agreement, (vi) the Guarantor Security Agreements, (vii) the Borrower Mortgage, (viii) the Guarantor Mortgages, (ix) the Parent Pledge

Agreement, (x) the Acquisition Agreement, (xi) the Collateral Contract Assignments of the Material Contracts set forth on Schedule 2.8 and (xii) all other documents and instruments contemplated by such agreements, shall have been duly authorized and executed by Borrower, the Guarantor or other Person, as applicable, in form and substance satisfactory to Administrative Agent, and Borrower, Guarantor or such other Person, as applicable, shall have delivered original counterparts thereof to Administrative Agent.

(B) Control Agreements. Administrative Agent shall have received executed account control agreements with respect to Borrower's and Guarantors' deposit and securities accounts, in form and substance satisfactory to Administrative Agent, from the appropriate depository institutions or other entities holding such deposit accounts.

(C) Closing Certificates; Opinions.

(1) Officers' Certificate. Administrative Agent shall have received a certificate from the chief executive officer and chief financial officer of Borrower and of each Guarantor, in form and substance reasonably satisfactory to Administrative Agent, to the effect that, to their knowledge after reasonable diligence, all representations and warranties of Borrower, its Subsidiaries and Guarantors contained in this Agreement and the other Loan Documents are true, correct and complete; that none of Borrower, its Subsidiaries and Guarantors is in violation of any of the covenants contained in this Agreement and the other Loan Documents; that, after giving effect to the transactions contemplated by this Agreement, no Default or Event of Default has occurred and is continuing; that Borrower has satisfied each of the closing conditions to be satisfied hereby; and that Borrower, its Subsidiaries and Guarantors have filed all required tax returns and owes no delinquent taxes, except where the payment of such tax is being diligently contested in good faith and adequate reserves therefor have been established in compliance with GAAP.

(2) Certificate of Secretary of Borrower and Guarantors. Administrative Agent shall have received a certificate of the secretary or assistant secretary of each of Borrower and Guarantors certifying that attached thereto is a true and complete copy of its articles of organization or incorporation, and all amendments thereto, certified as of a recent date by the Secretary of State of the state of its organization or incorporation; that attached thereto is a true and complete copy of its operating agreement or bylaws, as applicable, as in effect on the date of such certification; that attached thereto is a true and complete copy of resolutions of its board of directors or consents of its members, as applicable, authorizing the borrowings, pledges or guaranties contemplated hereunder, the execution, delivery and performance of this Agreement and the other Loan Documents, and the granting of the Security Interest; and as to the incumbency and genuineness of the signature of each of its officers executing Loan Documents.

(3) Certificates of Good Standing. Administrative Agent shall have received certificates as of a recent date of the good standing of Borrower and each Guarantor under the laws of its jurisdiction of organization and such other jurisdictions as are requested by Administrative Agent.

(4) Opinions of Counsel. Administrative Agent shall have received favorable opinions of counsel to Borrower and each Guarantor addressed to Administrative Agent and Lenders with respect to Borrower and each Guarantor covering such matters as requested by Administrative Agent, including, without limitation, the Loan Documents, the Security Interest, the Acquisition, due authorization



and other corporate matters, tax matters, local laws, choice of laws issues and regulatory matters (including, without limitation, the Licenses) reasonably satisfactory in form and substance to Administrative Agent.

(D) Collateral.

(1) Perfection Certificate. Borrower and each Guarantor shall have delivered to Administrative Agent a perfection certificate in form and content satisfactory to Administrative Agent.

(2) Filings and Recordings. All filings and recordings (including, without limitation, all fixture filings and transmitting utility filings) that are necessary to perfect the Security Interest in the Collateral constituting personal property described in the Security Documents shall have been filed in all appropriate locations and Administrative Agent shall have received evidence satisfactory to Administrative Agent (including title insurance) that such Security Interest constitutes a valid and perfected first priority Lien therein, including, without limitation, a first priority lien in the capital stock of Borrower owned by the Parent and the ownership interests of Guarantors (other than the Parent) owned by Borrower.

(3) Lien Searches. Borrower shall have delivered to Administrative Agent the results of a Lien search of all filings made against each of Borrower and Guarantors and of the McLeod Entities under the Uniform Commercial Code as in effect in any jurisdiction in which any of its assets are located, indicating among other things that Borrower's, Guarantors' and the McLeod Entities' assets (in the case of the McLeod Entities, the assets to be transferred to Borrower in connection with the Acquisition) are free and clear of any Lien, except for Permitted Encumbrances.

(4) Insurance. Administrative Agent shall have received certificates of insurance and certified copies of insurance policies in the form required under Subsection 2.2 and the Security Documents and otherwise in form and substance reasonably satisfactory to Administrative Agent.

(E) Consents.

(1) Governmental and Third Party Approvals. Borrower shall have delivered to Administrative Agent all necessary approvals, authorizations and consents, if any, of all Persons, Governmental Authorities, including the FCC and all applicable PUCs, and courts having jurisdiction with respect to the execution and delivery of this Agreement and the other Loan Documents, the granting of the Security Interest, the execution and delivery of the Acquisition Agreement, the consummation of the Acquisition, including the assignment of the Licenses and other assets to Borrower, and all such approvals shall be in form and substance satisfactory to Administrative Agent.

(2) Permits and Licenses. Administrative Agent shall have received copies of all material permits and licenses, including the Licenses, required under Applicable Laws for the conduct of Borrower's or any of its Subsidiaries' businesses.

(3) No Injunction, Etc. No action, proceeding, investigation, regulation or legislation shall have been instituted, threatened or proposed before any Governmental Authority to enjoin, restrain or prohibit, or to obtain substantial damages in respect of, or which is related to or arises out of this Agreement or the other Loan Documents or the consummation of the transactions contemplated hereby or

thereby, or which, as determined by Administrative Agent in its discretion, would make it inadvisable to consummate the transactions contemplated by this Agreement and such other Loan Documents.

(F) Financial Matters.

(1) Financial Statements. Administrative Agent and each Lender shall have received (a) recent annual and interim financial statements and other financial information with respect to Borrower and each of its Subsidiaries prepared in accordance with GAAP and Projections formulated on a monthly basis for the fiscal years ending on December 31, 2002 and 2003, and (b) a consolidated pro forma balance sheet of Borrower and its Subsidiaries adjusted to give effect to the Acquisition and the initial Loans hereunder and a Compliance Certificate showing compliance with Subsections 4.1 through 4.5 on a pro forma basis.

(2) Fees, Expenses, Taxes, Etc. There shall have been paid by Borrower to Administrative Agent, for the benefit of Administrative Agent and Lenders, as applicable, the fees set forth or referenced in Subsection 1.4 and any other accrued and unpaid fees or commissions due hereunder (including legal fees and expenses), and to any other Person such amount as may be due thereto in connection with the transactions contemplated hereby, including all taxes, fees and other charges in connection with the execution, delivery, recording, filing and registration of any of the Loan Documents.

(G) Miscellaneous.

(1) Acquisition. Administrative Agent shall have received evidence, in form and substance satisfactory to Administrative Agent, that all of the assets to be transferred to Borrower by the McLeod Entities have been legally and validly transferred to Borrower in form and substance satisfactory to Administrative Agent, and all accounting, tax and regulatory matters relating to the Acquisition shall be satisfactory to Administrative Agent, including, without limitation, such treatment shall be consistent with the Projections provided by Borrower pursuant to Subsection \_\_\_\_ 7.1(f)(1).

(2) Equity Capitalization. Administrative Agent shall have received evidence, in form and substance satisfactory to Administrative Agent, that the Parent has made cash equity contributions to Borrower, on terms and conditions satisfactory to Administrative Agent, in a cumulative amount not less than twenty-five percent (25%) of the purchase price of the Acquisition, and the corporate and capital structures of Borrower and Guarantors shall otherwise be in form and substance satisfactory to Administrative Agent;

(3) Proceedings and Documents. All opinions, certificates and other instruments and all proceedings in connection with the transactions contemplated by this Agreement shall be satisfactory in form and substance to Administrative Agent. Administrative Agent shall have received copies of all other instruments and other evidence as Administrative Agent or any of the other Lenders may reasonably request, in form and substance reasonably satisfactory to Administrative Agent, with respect to the transactions contemplated by this Agreement and the taking of all actions in connection therewith.

(4) Environmental Questionnaires. Borrower shall deliver to Administrative Agent environmental questionnaires completed to the satisfaction of Administrative Agent in connection with certain real property owned or leased by Borrower, its Subsidiaries and Guarantors on the Closing Date.

(5) Liquidation, Investigations, Audits, Etc. There is no action, suit, proceeding or investigation pending against, or, to the knowledge of Borrower after due inquiry, threatened against or in any other manner relating adversely to Borrower, any of its Subsidiaries, any Guarantor or any of their respective properties, including the Licenses, in any court or before any arbitrator of any kind or before or by any Governmental Authority (including the FCC), except such as affect the telecommunications industry generally, that could reasonably be expected to have a Material Adverse Effect on Borrower, any of its Subsidiaries or any Guarantor.

(6) Repayment of Existing Indebtedness. Administrative Agent shall have received evidence, in form and substance reasonably satisfactory to Administrative Agent, that (i) all Indebtedness of Borrower, its Subsidiaries and Guarantors has been fully paid, satisfied and discharged, other than Indebtedness permitted under Subsection 3.1, and (ii) that all Liens in respect of any such Indebtedness to be paid have been terminated.

7.2 Conditions to All Loans. The several obligations of Lenders to make Loans, including the initial Loan, on any date (each such date a “Funding Date”) are subject to the further conditions precedent set forth below.

(A) Administrative Agent shall have received, in accordance with the provisions of Subsection 1.3, a Notice of Borrowing requesting an advance of a Loan.

(B) The representations and warranties contained in Section 5 of this Agreement and elsewhere herein and in the Loan Documents shall be (and each request by Borrower for a Loan shall constitute a representation and warranty by Borrower that such representations and warranties are) true, correct and complete in all material respects on and as of such Funding Date to the same extent as though made on and as of that date, except for any representation or warranty limited by its terms to a specific date and taking into account any amendments to the Schedules or Exhibits as a result of any disclosures made in writing by Borrower to Administrative Agent after the Closing Date which disclosures are acceptable to Administrative Agent.

(C) No event shall have occurred and be continuing or would result from the consummation of the borrowing contemplated that would constitute an Event of Default or a Default.

(D) No order, judgment or decree of any court, arbitrator or Governmental Authority shall purport to enjoin or restrain any Lender from making any Loan.

(E) Since December 31, 2001, there shall not have occurred any event or condition that has had or could reasonably be expected to have a Material Adverse Effect.

(F) All Loan Documents shall be in full force and effect.

(G) Borrower and Guarantors shall have delivered to Administrative Agent such other documents, certificates and opinions as Administrative Agent reasonably requests.

## SECTION 8

### ASSIGNMENT AND PARTICIPATION

8.1 Assignments and Participations in Loans and Notes. Each Lender (including CoBank) may assign, subject to the terms of a Lender Addition Agreement, its rights and delegate its obligations under this Agreement to one or more Persons; provided that, (a) such Lender shall (where required below) first obtain the written consent of Administrative Agent and, if no Default or Event of Default shall have occurred and be continuing, Borrower, which consents shall not be unreasonably withheld or delayed; (b) the Pro Rata Share of a Loan Commitment being assigned shall in no event be less than the lesser of (i) \$5,000,000 (which may be aggregated where several Lenders are simultaneously assigning to the same Person) and (ii) the entire amount of the Pro Rata Share of such Loan Commitment of the assigning Lender; and (c) upon the consummation of each such assignment the assigning Lender shall pay Administrative Agent a non-refundable administrative fee of \$3,000; provided, that in connection with an assignment from a Lender to an Affiliate of such Lender or to another Lender, written consent of Borrower or the Administrative Agent shall not be required and no administrative fee shall be payable. From and after the effective date specified in a duly executed, delivered and accepted Lender Addition Agreement, which effective date shall be at least five (5) Business Days after the execution thereof (unless Administrative Agent shall otherwise agree), (A) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Lender Addition Agreement, shall have the rights and obligations of the assigning Lender hereunder with respect thereto and (B) the assigning Lender shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Lender Addition Agreement, relinquish its rights (other than rights under the provisions of this Agreement and the other Loan Documents relating to indemnification or payment of fees, costs and expenses, to the extent such rights relate to the time prior to the effective date of such Lender Addition Agreement) and be released from its obligations under this Agreement other than obligations to the extent relating to the time prior to the effective date of such Lender Addition Agreement (and, in the case of a Lender Addition Agreement covering all or the remaining portion of such assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto). The terms and provisions of each Lender Addition Agreement shall, upon the effectiveness thereof be incorporated into and made a part of this Agreement, and the covenants, agreements and obligations of each Lender set forth therein shall be deemed made to and for the benefit of Administrative Agent and the other parties hereto as if set forth at length herein. Upon its receipt of a duly completed Lender Addition Agreement executed by an assigning Lender and an assignee, and Borrower (if required), together with any Note subject to such assignment and the processing fee referred to above, Administrative Agent will accept such Lender Addition Agreement and give notice thereof to Borrower and the other Lenders. In the event of an assignment pursuant to this Subsection 8.1, Borrower shall, upon surrender of the assigning Lender's Revolving Note, Term Note or Term Notes, as applicable, issue a new

Revolving Note, Term Note or Term Notes, as applicable, to reflect the interests of the assigning Lender and the Person to which interests are to be assigned.

Each Lender (including Administrative Agent) may sell participations in all or any part of its Pro Rata Share of each Loan Commitment to one or more Persons; provided that such Lender shall first obtain the prior written consent of Administrative Agent; and provided, further, that such Lender's obligations under this Agreement shall remain unchanged; Borrower, Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement; all amounts payable by Borrower hereunder shall be determined as if that Lender had not sold such participation; and the holder of any such participation shall not be entitled to require such Lender to take or omit to take any action hereunder except action directly affecting (i) any reduction, modification or forgiveness in the principal amount of, or rate of interest on or fees payable with respect to, any Loan; (ii) any extension of the Revolving Loan Expiration Date or the Maturity Dates, or any change of any date fixed for any payment of any of the Obligations; (iii) any consent to the assignment, delegation or other transfer by Borrower or any of its Subsidiaries of any of its rights and obligations under any Loan Document and (iv) the release of any Collateral or any Guarantor. Borrower hereby acknowledges and agrees that any participation will give rise to a direct obligation of Borrower to the participant, and the participant shall for purposes of Subsections 1.11, 1.13, 1.14, 6.7 and 9.1 be considered to be a "Lender."

Except as otherwise provided in this Subsection 8.1, no Lender shall, as between Borrower and such Lender, be relieved of any of its obligations hereunder as a result of any sale, assignment, transfer or negotiation of, or granting of a participation in, all or any part of the Loans, the Notes or other Obligations owed to such Lender. Each Lender may furnish any information concerning Borrower and its Subsidiaries in the possession of that Lender from time to time to assignees and participants (including prospective assignees and participants), subject to the provisions of Subsection 9.13.

Nothing in this Agreement shall be construed to prohibit any Lender from pledging or assigning all or any portion of its rights and interest hereunder or under any Note as collateral security for any loan or financing or in connection with any securitization or other similar transaction or to any Federal Reserve Bank as security for borrowings therefrom; provided, that no such pledge or assignment shall release a Lender from any of its obligations hereunder.

Notwithstanding anything contained in this Agreement to the contrary, (i) so long as there is no Event of Default and Requisite Lenders shall remain capable of making LIBOR Loans, no Person shall become a "Lender" hereunder unless such Person shall also be capable of making LIBOR Loans and (ii) no assignment shall be permitted hereunder which would cause any Applicable Law to be violated (with respect to usury or otherwise).

CoBank reserves the right to assign or sell participations in all or any part of its Pro Rata Share of each Loan Commitment on a non-patronage basis.

## 8.2 Agents.

(A) Appointment. Each Lender hereby irrevocably appoints and authorizes (i) CoBank, as Administrative Agent, to act as Administrative Agent hereunder and under any other Loan Document with such powers as are specifically delegated to Administrative Agent by the terms of this Agreement and any other Loan Document, together with such other powers as are reasonably incidental thereto, (ii) \_\_\_\_\_ and \_\_\_\_\_, as Co-Syndication Agents, to act as Co-Syndication Agents hereunder and under any other Loan Document, and (iii) \_\_\_\_\_, as Documentation Agent, to act as Documentation Agent hereunder and under any other Loan Documents. Administrative Agent is authorized and empowered to amend, modify or waive any provisions of this Agreement or the other Loan Documents on behalf of Lenders, subject to the requirement that the consent of certain Lenders or all Lenders, as appropriate, be obtained in certain instances as provided in Subsections 8.3 and 9.2. CoBank hereby agrees to act as Administrative Agent on the express conditions contained in this Subsection 8.2. The provisions of this Subsection 8.2 are solely for the benefit of Agents and Lenders, and Borrower shall have no rights as a third party beneficiary of any of the provisions hereof. In performing its functions and duties under this Agreement, Administrative Agent shall act solely as an Administrative Agent of Lenders and no Agent shall assume or be deemed to have assumed any obligation toward or relationship of agency or trust with or for Borrower or the Guarantors or their respective Subsidiaries or Affiliates. Administrative Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents or attorneys-in-fact and shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact that it selects with reasonable care. Co-Syndication Agents and Documentation Agent shall have no duties or responsibilities except those expressly set forth in this Agreement and in the other Loan Documents and shall not by reason of this Agreement or any other Loan Document be a trustee for any Lender.

(B) Nature of Duties. The duties of Agents shall be mechanical and administrative in nature. None of Agents shall have by reason of this Agreement a fiduciary relationship in respect of any Lender. Nothing in this Agreement or any of the Loan Documents, express or implied, is intended to or shall be construed to impose upon Agents any obligations in respect of this Agreement or any of the Loan Documents except as expressly set forth herein or therein. Each Lender expressly acknowledges that none of Administrative Agent nor any of its respective officers, directors, employees, agents, attorneys-in-fact or Affiliates have made any representation or warranty to it and that no act by any Agent or any such Person hereafter taken, including any review of the affairs of Borrower, or its Subsidiaries, shall be deemed to constitute any representation or warranty by Administrative Agent to any Lender. Each Lender represents to Administrative Agent that (i) it has, independently and without reliance upon Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, properties, financial and other condition and creditworthiness of Borrower and its Subsidiaries and made its own decision to enter into this Agreement and extend credit to Borrower hereunder, and (ii) it will, independently and without reliance upon Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action hereunder and under the other Loan Documents and to make such investigation as it deems necessary to inform itself as to the business, prospects, operations, properties, financial and other condition and creditworthiness of Borrower and its Subsidiaries. Administrative Agent shall have no duty or responsibility, either initially or on a continuing basis, to provide any Lender with any credit or other

information with respect thereto (other than as expressly required herein). If Administrative Agent seeks the consent or approval of any Lenders to the taking or refraining from taking of any action hereunder, then Administrative Agent shall send notice thereof to each Lender. Administrative Agent shall promptly notify each Lender any time that Requisite Lenders have instructed Administrative Agent to act or refrain from acting pursuant hereto

(C) Rights, Exculpation, Etc. Administrative Agent and its officers, directors, employees, agents or attorneys-in-fact shall not be liable to any Lender for any action taken or omitted by them hereunder or under any of the Loan Documents, or in connection herewith or therewith, except that each such entity shall be liable with respect to its own gross negligence or willful misconduct. Administrative Agent shall not be liable for any apportionment or distribution of payments made by it in good faith and if any such apportionment or distribution is subsequently determined to have been made in error, the sole recourse of any Lender to whom payment was due but not made, shall be to recover from other Lenders any payment in excess of the amount to which they are determined to be entitled (and such other Lenders hereby agree to return to such Lender any such erroneous payments received by them). In performing its functions and duties hereunder, Administrative Agent shall exercise the same care which it would in dealing with loans for its own account, but Administrative Agent shall not be responsible to any Lender for any recitals, statements, representations or warranties herein or for the execution, effectiveness, genuineness, validity, enforceability, collectibility or sufficiency of this Agreement or any of the Loan Documents or the transactions contemplated thereby, or for the financial condition of Borrower. Administrative Agent may at any time request instructions from Lenders with respect to any actions or approvals which by the terms of this Agreement or of any of the Loan Documents Administrative Agent is permitted or required to take or to grant, and if such instructions are promptly requested, Administrative Agent shall be absolutely entitled to refrain from taking any action or to withhold any approval and shall not be under any liability whatsoever to any Person for refraining from any action or withholding any approval under any of the Loan Documents (i) if such action or omission would, in the reasonable opinion of Administrative Agent, violate any Applicable Law or any provision of this Agreement or any other Loan Document, or (ii) until it shall have received such instructions from Requisite Lenders or all of the Lenders, as applicable. Without limiting the foregoing, no Lender shall have any right of action whatsoever against Administrative Agent as a result of Administrative Agent acting or refraining from acting under this Agreement, the Notes or any of the other Loan Documents in accordance with the instructions of Requisite Lenders.

(D) Reliance. Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any written or oral notices, statements, certificates, orders or other documents or any telephone message or other communication (including any writing, telex, telecopy or telegram) believed by it in good faith to be genuine and correct and to have been signed, sent or made by the proper Person, and with respect to all matters pertaining to this Agreement or any of the Loan Documents and its duties hereunder or thereunder, upon advice of counsel selected by it in connection with the preparation, negotiation, execution, delivery, administration, amendment, modification, waiver or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement or any of the other Loan Documents.

(E) Indemnification. Lenders will reimburse and indemnify each Agent and their respective Affiliates and their and their Affiliates' officers, directors, employees, agents, and attorneys-in-fact (collectively, "Representatives"), on demand (to the extent not actually reimbursed under Subsection 9.1, but without limiting the obligations of Borrower under such Subsection 9.1) for and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including, attorneys' fees and expenses), advances or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against any Agent or its Representatives (i) in any way relating to or arising out of this Agreement or any of the Loan Documents or any action taken or omitted by such Agent or its Representatives under this Agreement or any of the Loan Documents, and (ii) in connection with the preparation, negotiation, execution, delivery, administration, amendment, modification, waiver or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement or any of the other Loan Documents in proportion to each Lender's Pro Rata Share; provided, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, advances or disbursements resulting from such Agent's or its Representatives' gross negligence, bad faith or willful misconduct. If any indemnity furnished to Agents or their respective Representatives for any purpose shall, in the opinion of Agents, be insufficient or become impaired, Agents may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished. The obligations of Lenders under this Subsection 8.2(E) shall survive the payment in full of the Obligations and the termination of this Agreement.

(F) CoBank Individually. With respect to its obligations under the Loan Commitments, the Loans made by it, and the Notes issued to it, CoBank shall have and may exercise the same rights and powers hereunder and is subject to the same obligations and liabilities as and to the extent set forth herein for any other Lender. The terms "Lenders" or "Requisite Lenders" or any similar terms shall, unless the context clearly otherwise indicates, include CoBank in its individual capacity as a Lender or one of the Requisite Lenders. CoBank may lend money to, and generally engage in any kind of banking, trust or other business with, Borrower, Guarantors or any of their respective Subsidiaries as if it were not acting as Administrative Agent pursuant hereto.

(G) Notice of Default. Administrative Agent shall not be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement or any of the Loan Documents or the financial condition of Borrower or any of its Subsidiaries, or the existence or possible existence of any Default or Event of Default. Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless Administrative Agent shall have received written notice from Borrower or a Lender referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default." In the event that Administrative Agent receives such a notice, Administrative Agent will give notice thereof to Lenders as soon as reasonably practicable; provided, that if any such notice has also been furnished to Lenders, Administrative Agent shall have no obligation to notify Lenders with respect thereto. Administrative Agent shall (subject to this Subsection 8.2) take such action with respect to such Default or Event of Default as shall reasonably be directed by Requisite Lenders; provided, further, that, unless and until Administrative Agent shall have received such directions, Administrative Agent may (but shall not be



obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable and in the best interests of Lenders.

(H) Successor Administrative Agent.

(1) Resignation. Administrative Agent may resign from the performance of all its agency functions and duties hereunder at any time by giving at least thirty (30) Business Days' prior written notice to Borrower and Lenders. Such resignation shall take effect upon the acceptance by a successor Administrative Agent of appointment pursuant to clause (2) below or as otherwise provided below.

(2) Appointment of Successor. Upon any such notice of resignation pursuant to clause (1) above, Requisite Lenders shall (and, if no Event of Default or Default shall have occurred and be continuing, of Borrower's prior consent which shall not be unreasonably withheld), appoint a successor Administrative Agent from among Lenders. If a successor Administrative Agent shall not have been so appointed within the thirty (30) Business Day period, referred to in clause (1) above, the retiring Administrative Agent, upon notice to Borrower, shall then appoint a successor Administrative Agent from among Lenders who shall serve as Administrative Agent until such time, if any, as Requisite Lenders, upon receipt of Borrower's prior written consent (if required under the first sentence of this paragraph), which shall not be unreasonably withheld, appoint a successor Administrative Agent as provided above.

(3) Successor Administrative Agent. Upon the acceptance of any appointment as Administrative Agent under the Loan Documents by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under the Loan Documents. After any retiring Administrative Agent's resignation as Administrative Agent under the Loan Documents, the provisions of this Subsection 8.2 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under the Loan Documents.

(I) Collateral Matters.

(1) Release of Collateral. Lenders hereby irrevocably authorize Administrative Agent, at its option and in its discretion, to release any Lien granted to or held by Administrative Agent upon any property covered by the Security Documents (i) upon termination of the Loan Commitments and indefeasible payment and satisfaction of all Obligations (other than contingent indemnification Obligations not then due and payable); (ii) constituting property being sold or disposed of if Borrower certifies to Administrative Agent in writing that the sale or disposition is made in compliance with the provisions of this Agreement and the other Loan Documents (and Administrative Agent may rely in good faith conclusively on any such certificate, without further inquiry); or (iii) constituting property leased to Borrower under a lease which has expired or been terminated in a transaction permitted under this Agreement or is about to expire and which has not been, and is not intended by Borrower to be, renewed or extended.

(2) Confirmation of Authority; Execution of Releases. Without in any manner limiting Administrative Agent's authority to act without any specific or further authorization or consent by

Lenders (as set forth in Subsection 8.2(I)(1)), each Lender agrees to confirm in writing, upon request by Administrative Agent or Borrower, the authority to release any property covered by the Security Documents conferred upon Administrative Agent under clauses (i) through (iii) of the first sentence of Subsection 8.2(I)(1). Upon receipt by Administrative Agent of confirmation from Lenders of its authority to release or compromise any particular item or types of property covered by the Security Documents under clauses (i) through (iii) of the first sentence of Subsection 8.2(I)(1), and upon at least ten (10) Business Days prior written request by Borrower, Administrative Agent shall (and is hereby irrevocably authorized by Lenders to) execute such documents as may be necessary to evidence the release or compromise of the Liens granted to Administrative Agent, for the benefit of Agents and Lenders, upon such Collateral, provided that (i) Administrative Agent shall not be required to execute any such document on terms which, in Administrative Agent's opinion, would expose Administrative Agent to liability or create any obligation or entail any consequence other than the release or compromise of such Liens without recourse or warranty, and (ii) such release or compromise shall not in any manner discharge, affect or impair the Obligations or any Liens upon (or obligations of Borrower, in respect of), all interests retained by Borrower in the Collateral, including the proceeds of any sale or other disposition of Collateral, all of which shall continue to constitute part of the property covered by the Security Documents.

(3) Absence of Duty. Administrative Agent shall have no obligation whatsoever to any Lender or any other Person to assure that the property covered by the Security Documents exists or is owned by Borrower or is cared for, protected or insured or has been encumbered or that the Liens granted to Administrative Agent have been properly or sufficiently or lawfully created, perfected, protected or enforced or are entitled to any particular priority, or to exercise at all or in any particular manner or under any duty of care, disclosure or fidelity, or to continue exercising, any of the rights, authorities and powers granted or available to Administrative Agent in this Agreement or in any other Loan Document, it being understood and agreed that in respect of the property covered by the Security Documents or any act, omission or event related thereto, Administrative Agent may act in any manner it may deem appropriate, in its discretion, given Administrative Agent's own interest in property covered by the Security Documents as a Lender and that Administrative Agent, provided that Administrative Agent shall exercise the same care which it would in dealing with loans for its own account and shall be liable for its and its Representatives' gross negligence or willful misconduct.

(J) Agency for Perfection; Enforcement of Security by Administrative Agent. Administrative Agent and each Lender hereby appoint each other Lender as agent for the purpose of perfecting Administrative Agent's security interest in assets which, in accordance with Article 9 of the Uniform Commercial Code in any applicable jurisdiction, can be perfected only by possession. Should any Lender (other than Administrative Agent) obtain possession of any such Collateral, such Lender shall notify Administrative Agent thereof, and, promptly upon Administrative Agent's request therefor, shall deliver such Collateral to Administrative Agent or in accordance with Administrative Agent's instructions without affecting any Lender's rights of set off. Each Lender agrees that it will not have any right individually to enforce or seek to enforce any Security Document or to realize upon any collateral security for the Loans, it being understood and agreed that such rights and remedies may be exercised only by Administrative Agent.

(K) Dissemination of Information. Administrative Agent will use its best efforts (except as otherwise provided herein) to provide Lenders with any information received by Administrative Agent from Borrower which is required to be provided to a Lender hereunder or which is otherwise requested by any Lender, provided that Administrative Agent shall not be liable to Lenders for any failure to do so, except to the extent that such failure is attributable to Administrative Agent's or its Representatives' gross negligence or willful misconduct.

8.3 Amendments, Consents and Waivers for Certain Actions.

(A) Except as otherwise provided in this Agreement (including this Subsection 8.3 and Subsection 9.2), any Lender Addition Agreement or any other Loan Document, the consent of Requisite Lenders and Borrower will be required to amend, modify, terminate, or waive any provision of this Agreement or any of the other Loan Documents.

(B) In the event Administrative Agent requests the consent of a Lender and does not receive a written consent or denial thereof within ten (10) Business Days after such Lender's receipt of such request, then such Lender will be deemed to have denied the giving of such consent.

8.4 Disbursement of Funds. Administrative Agent shall advise each Lender by telephone or telecopy of the amount of such Lender's Pro Rata Share of any Loan requested by Borrower no later than 11:00 a.m. (Denver time) at least two (2) Business Days immediately preceding the Funding Date applicable thereto (in the case of LIBOR Loans), otherwise on the Business Day immediately preceding the Funding Date applicable thereto, and each such Lender shall pay Administrative Agent such Lender's Pro Rata Share of such requested Loan, in same day funds, by wire transfer to Administrative Agent's account by no later than 1:00 p.m. (Denver time) on such Funding Date. If any Lender fails to pay the amount of its Pro Rata Share forthwith upon Administrative Agent's demand, Administrative Agent shall promptly notify Borrower, and Administrative Agent shall disburse to Borrower, by wire transfer of immediately available funds, that portion of such Loan as to which Administrative Agent has received funds. In such event, Administrative Agent may, on behalf of any Lender not timely paying Administrative Agent, disburse funds to Borrower for Loans requested, subject to the provisions of Subsection 8.5(B). Each such Lender shall reimburse Administrative Agent on demand for all funds disbursed on its behalf by Administrative Agent. Nothing in this Subsection 8.4 or elsewhere in this Agreement or the other Loan Documents, including the provisions of Subsection 8.5, shall be deemed to require Administrative Agent to advance funds on behalf of any Lender or to relieve any Lender from its obligation to fulfill its commitments hereunder or to prejudice any rights that Administrative Agent or Borrower may have against any Lender as a result of any default by such Lender hereunder.

8.5 Disbursements of Advances; Payments.

(A) Pro Rata Treatment; Application. Upon receipt by Administrative Agent of each payment from Borrower hereunder, other than as described in the succeeding sentence, Administrative Agent shall promptly credit each Lender's account with its Pro Rata Share of such payment in accordance with such Lender's Pro Rata Share and shall promptly wire advice of the amount of such credit to each Lender. Each payment to Administrative Agent of its fees shall be made in like manner, but for the account of Administrative Agent.

(B) Availability of Lender's Pro Rata Share.

(1) Unless Administrative Agent has been notified by a Lender prior to a Funding Date of such Lender's intention not to fund its Pro Rata Share of the Loan amount requested by Borrower and Administrative Agent has given notice pursuant to Subsection 8.4, Administrative Agent may assume that such Lender will make such amount available to Administrative Agent on the Funding Date. If such amount is not, in fact, made available to Administrative Agent by such Lender when due, and Administrative Agent disburses funds to Borrower on behalf of such Lender, Administrative Agent will be entitled to recover such amount on demand from Borrower, without set-off, counterclaim or deduction of any kind, with interest thereon at the rate per annum then applicable to such Loan.

(2) Nothing contained in this Subsection 8.5(B) will be deemed to relieve a Lender of its obligation to fulfill its commitments or to prejudice any rights Administrative Agent or Borrower may have against such Lender as a result of any default by such Lender under this Agreement.

(C) Return of Payments.

(1) If Administrative Agent pays an amount to a Lender under this Agreement in the belief or expectation that a related payment has been or will be received by Administrative Agent from Borrower and such related payment is not received by Administrative Agent, then Administrative Agent will be entitled to recover such amount from such Lender without set-off, counterclaim or deduction of any kind.

(2) If Administrative Agent determines at any time that any amount received by Administrative Agent under this Agreement must be returned to Borrower or paid to any other Person pursuant to any solvency law or otherwise, then, notwithstanding any other term or condition of this Agreement, Administrative Agent will not be required to distribute any portion thereof to any Lender. In addition, each Lender will repay to Administrative Agent on demand any portion of such amount that Administrative Agent has distributed to such Lender, together with interest at such rate, if any, as Administrative Agent is required to pay to Borrower or such other Person, without set-off, counterclaim or deduction of any kind.

## SECTION 9

### MISCELLANEOUS

9.1 Indemnities. Borrower agrees to indemnify, pay, and hold each Agent and each Lender and their respective officers, directors, employees, agents, and attorneys (the “Indemnitees”) harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits and claims of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Indemnatee as a result of each Agent and each Lender being a party to this Agreement or otherwise in connection with this Agreement, any of the other Loan Documents or any of the transactions contemplated hereby or thereby; provided, that Borrower shall have no obligation to an Indemnatee hereunder with respect to liabilities arising from the gross negligence or willful misconduct of that Indemnatee, in each such case as determined by a final non appealable judgment of a court of competent jurisdiction. This Subsection 9.1 and all indemnification provisions contained within any other Loan Document shall survive the termination of this Agreement.

9.2 Amendments and Waivers. Except as otherwise provided herein, no amendment, modification, termination or waiver of any provision of this Agreement, the Notes or any of the other Loan Documents, or consent to any departure by Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by Borrower and Requisite Lenders (or Administrative Agent, if expressly set forth herein, in any Note or in any other Loan Document); provided, that, notwithstanding any other provision of this Agreement to the contrary and except to the extent permitted by any applicable Lender Addition Agreement, no amendment, modification, termination or waiver shall, unless in writing and signed by all Lenders, do any of the following: (i) increase any Lender’s Pro Rata Share of any Loan Commitment; (ii) reduce the principal of, or rate of interest on or fees payable with respect to, any Loan; (iii) extend the Revolving Loan Expiration Date, the Maturity Dates or extend the date on which any Obligation is to be paid (other than a waiver of a Default or an Event of Default which has the effect of extending or waiving any acceleration of the Obligations); (iv) change the percentage of Lenders which shall be required for Lenders or any of them to take any action hereunder; (v) release all or substantially all of the Collateral (except if the release of such Collateral is permitted under and effected in accordance with, including any consents and approvals required therein, Subsection 8.2(I) or any other Loan Document) or any material guaranty of the Obligations (except to the extent expressly contemplated thereby); (vi) amend or waive this Subsection 9.2 or the definitions of the terms used in this Subsection 9.2 insofar as the definitions affect the substance of this Subsection 9.2; and (vii) consent to the assignment, delegation or other transfer by Borrower, its Subsidiaries or any Guarantor of any of its rights and obligations under any Loan Document; provided, further, that no amendment, modification, termination or waiver affecting the rights or duties of Administrative Agent or any other Agent under any Loan Document shall in any event be effective, unless in writing and signed by Administrative Agent or any other Agent, in addition to Lenders required hereinabove to take such action. Each amendment, modification, termination or waiver shall be effective only in the specific instance and for the specific purpose for which it was given. No amendment, modification, termination or waiver shall be required for Administrative Agent to take additional Collateral pursuant to any Loan Document. No amendment, modification, termination or waiver of any provision of any Note shall be effective without the written concurrence of the holder of that Note. No notice to or

demand on Borrower or any other Person in any case shall entitle Borrower or such Person to any other or further notice or demand in similar or other circumstances. Any amendment, modification, termination, waiver or consent effected in accordance with this Subsection 9.2 shall be binding upon each holder of the Notes at the time outstanding, each future holder of the Notes, and, if signed by Borrower, on Borrower or its Subsidiaries.

9.3 Notices. Any required notice or other communication shall be in writing addressed to the respective party as set forth below and may be personally delivered, telecopied, sent by overnight courier service or U.S. mail and shall be deemed to have been given: (i) if delivered in person, when delivered; (ii) if delivered by telecopy, on the date of transmission if transmitted on a Business Day before 2:00 p.m. (Denver time) and otherwise on the Business Day next succeeding the date of transmission; (c) if delivered by overnight courier, two (2) Business Days after delivery to the courier properly addressed; or (d) if delivered by U.S. mail, four (4) Business Days after deposit with postage prepaid and proper address.

Notices shall be addressed as follows:

If to Borrower: Consolidated Communications, Inc.  
**[PLEASE PROVIDE]**  
Attn: **[Richard Lumpkin/Donald Shassian]**  
Fax: **[PLEASE PROVIDE]**

If to a Lender: To the address set forth on the signature page hereto or in the applicable Lender Addition Agreement

9.4 Failure or Indulgence Not Waiver; Remedies Cumulative. No failure or delay on the part of Administrative Agent or any Lender to exercise, nor any partial exercise of, any power, right or privilege hereunder or under any other Loan Documents shall impair such power, right, or privilege or be construed to be a waiver of any Default or Event of Default. All rights and remedies existing hereunder or under any other Loan Document are cumulative to and not exclusive of any rights or remedies otherwise available.

9.5 Marshaling; Payments Set Aside. Neither Administrative Agent nor any Lender shall be under any obligation to marshal any assets in payment of any or all of the Obligations. To the extent that Borrower makes payment(s) or Administrative Agent enforces its Liens or Administrative Agent or any Lender exercises its right of set-off, and such payment(s) or the proceeds of such enforcement or set-off is subsequently invalidated, declared to be fraudulent or preferential, set aside, or required to be repaid by anyone (whether by demand, litigation, settlement or otherwise), then to the extent of such recovery, the Obligations or part thereof originally intended to be satisfied, and all Liens, rights and remedies therefor, shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or set-off had not occurred.

9.6 Severability. The invalidity, illegality, or unenforceability in any jurisdiction of any provision under the Loan Documents shall not affect or impair the remaining provisions in the Loan Documents and any such invalid, unenforceable or illegal provision in any jurisdiction in which it is not invalid, unenforceable or illegal.

9.7 Lenders' Obligations Several; Independent Nature of Lenders' Rights. The obligation of each Lender hereunder is several and not joint and no Lender shall be responsible for the obligation or commitment of any other Lender hereunder. In the event that any Lender at any time should fail to make a Loan as herein provided, the Lenders, or any of them, at their sole option, may make the Loan that was to have been made by the Lender so failing to make such Loan. Nothing contained in any Loan Document and no action taken by Administrative Agent or any Lender pursuant hereto or thereto shall be deemed to constitute Lenders to be a partnership, an association, a joint venture or any other kind of entity. The amounts payable at any time hereunder to each Lender shall be a separate and independent debt.

9.8 Headings. Section and Subsection headings are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purposes or be given substantive effect.

9.9 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF COLORADO WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES THAT REQUIRE OR PERMIT APPLICATION OF THE LAWS OF ANY OTHER STATE OR JURISDICTION.

9.10 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns except that Borrower may not assign its rights or obligations hereunder without the written consent of all Lenders.

9.11 No Fiduciary Relationship. No provision in the Loan Documents and no course of dealing between the parties shall be deemed to create any fiduciary duty owing to Borrower by Administrative Agent or any Lender.

9.12 Construction. Administrative Agent, each Lender and Borrower acknowledge that each of them has had the benefit of legal counsel of its own choice and has been afforded an opportunity to review the Loan Documents with its legal counsel and that the Loan Documents shall be constructed as if jointly drafted by Administrative Agent, each Lender and Borrower.

9.13 Confidentiality. Agents and Lenders agree to hold any confidential information sufficiently identified as being confidential or proprietary that they may receive from Borrower, any of its Subsidiaries or any Guarantor pursuant to this Agreement in confidence, except for disclosure: (i) on a confidential basis to directors, officers, employees, agents or legal counsel, independent public accountants and other professional advisors of Agents or Lenders or their respective Affiliates; (ii) to regulatory officials having jurisdiction over Agents or Lenders; (iii) as required by Applicable Law or legal process or (iv) in connection with any legal proceeding between or among Agents or Lenders or their respective Affiliates and

Borrower, its Subsidiaries or Affiliates and/or any Guarantor (provided that, in the event Agents or Lenders or their respective Affiliates are so required to disclose such confidential information pursuant to clauses (iii) or (iv) of this Subsection 9.13, Agents or Lenders shall promptly notify Borrower (unless legally prohibited from so doing), so that Borrower or any of its Subsidiaries may seek, at its sole cost and expense, a protective order or other appropriate remedy); and (v) to another Person in connection with a disposition or proposed disposition to that Person of all or part of that Lender's interests hereunder or a participation interest in its Pro Rata Share, provided that such disclosure is made subject to an appropriate confidentiality agreement on terms substantially similar to this Subsection 9.13. For purposes of the foregoing, "confidential information" shall mean all information respecting Borrower, any of its Subsidiaries or any Guarantor, other than (A) information previously filed by Borrower, any of its Subsidiaries or any Guarantor with any Governmental Authority and available to the public or otherwise made available to third parties as a non-confidential basis, (B) information previously published in any public medium from a source other than, directly or indirectly, Lenders in violation of this Subsection 9.13 and (C) information obtained by Administrative Agent or Lenders from a source independent of Borrower or its Subsidiaries.

9.14 Consent to Jurisdiction and Service of Process. (A) BORROWER HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL COURT OR COLORADO STATE COURT IN THE STATE OF COLORADO HAVING SUBJECT MATTER JURISDICTION OVER ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS. BORROWER HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT, PERSONAL JURISDICTION OF ANY SUCH COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF ANY AGENT OR ANY LENDER TO BRING PROCEEDINGS AGAINST BORROWER IN THE COURTS OF ANY OTHER JURISDICTION.

(B) BORROWER HEREBY AGREES THAT SERVICE OF THE SUMMONS AND COMPLAINT AND ALL OTHER PROCESS WHICH MAY BE SERVED IN ANY SUCH SUIT, ACTION OR PROCEEDING MAY BE EFFECTED BY MAILING BY REGISTERED MAIL, RETURN RECEIPT REQUESTED, A COPY OF SUCH PROCESS TO BORROWER AT THE ADDRESS TO WHICH NOTICES TO BORROWER ARE THEN TO BE SENT PURSUANT TO SUBSECTION 9.3 AND THAT PERSONAL SERVICE OF PROCESS SHALL NOT BE REQUIRED. NOTHING HEREIN SHALL BE CONSTRUED TO PROHIBIT SERVICE OF PROCESS BY ANY OTHER METHOD PERMITTED BY LAW.

9.15 Waiver of Jury Trial. BORROWER, EACH AGENT AND EACH LENDER HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, ANY OF THE OTHER LOAN DOCUMENTS, OR ANY DEALINGS BETWEEN OR AMONG THEM RELATING TO THE SUBJECT MATTER OF THIS LOAN TRANSACTION AND ANY RELATIONSHIP THAT IS



BEING ESTABLISHED AMONG ANY OF THEM. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. BORROWER, EACH AGENT AND EACH LENDER ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. BORROWER, EACH AGENT AND EACH LENDER FURTHER WARRANT AND REPRESENT THAT EACH HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THE WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THE LOAN DOCUMENTS, OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THE LOANS. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT. BORROWER, EACH AGENT AND EACH LENDER ALSO WAIVE ANY BOND OR SURETY OR SECURITY UPON SUCH BOND WHICH MIGHT, BUT FOR THIS WAIVER, BE REQUIRED OF EACH AGENT AND LENDER.

9.16 Survival of Warranties and Certain Agreements. All agreements, representations and warranties made herein shall survive the execution and delivery of this Agreement, the making of the Loans, and the execution and delivery of the Notes. Notwithstanding anything in this Agreement or implied by law to the contrary, the agreements of Borrower set forth in Subsections 1.4(D), 1.11, 9.1, 9.14 and 9.15 and the agreements of Lenders set forth in Subsection 8.2(E) (together with any other Sections and Subsections stated herein to so survive) shall survive the payment of the Loans and the termination of this Agreement.

9.17 Entire Agreement. This Agreement, the Notes and the other Loan Documents referred to herein embody the final, entire agreement among the parties hereto and supersede any and all prior commitments, agreements, representations, understandings, whether oral or written, relating to the subject matter hereof and may not be contradicted or varied by evidence of prior, contemporaneous or subsequent oral agreements or discussions of the parties hereto.

9.18 Counterparts; Effectiveness. This Agreement and any amendments, waivers, consents or supplements may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which counterparts together shall constitute but one and the same instrument. This Agreement shall become effective upon the execution of a counterpart hereof by each of the parties hereto.

## SECTION 10

### DEFINITIONS

10.1 Certain Defined Terms. The terms defined below are used in this Agreement as so defined. Terms defined in the preamble and recitals to this Agreement are used in this Agreement as so defined.

”Acquisition Agreement” means that certain Acquisition Agreement, dated as of July 16, 2002, by and among the McLeod Entities and Borrower (formerly known as Homebase Acquisition Corp), as amended, modified or supplemented from time to time as permitted hereunder.

”Adjustment Date” means each date which is the fifth (5<sup>th</sup>) Business Day after the receipt by Administrative Agent of (i) each Compliance Certificate delivered by Borrower pursuant to Subsection 4.6(C) and (ii) in the case a decrease in an applicable margin is warranted, a written notice from Borrower to decrease such margin.

”Administrative Agent” means CoBank in its capacity as administrative agent for Lenders under this Agreement and each of the other Loan Documents and any successor in such capacity appointed pursuant to Subsection 8.2.

”Affiliate” means, (A) with respect to Borrower Guarantors or any of their respective Subsidiaries, any Person: (i) directly or indirectly controlling, controlled by, or under common control with such Person; (ii) directly or indirectly owning or holding five percent (5%) or more of any equity interest in Borrower, any Subsidiary of Borrower or any Guarantor; or (iii) five percent (5%) or more of whose voting stock or other equity interest is directly or indirectly owned or held by Borrower, any Subsidiary of Borrower or any Guarantor, (B) with respect to Agents and Lenders hereunder, any Person which controls or is controlled by or is under common control with such Person and (C) with respect to Affiliates of any Agent, any Person which controls or is controlled by or is under common control with such Person. For purposes of this definition, ”control” (including with correlative meanings, the terms ”controlling,” ”controlled by” and ”under common control with”) means the possession directly or indirectly of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or by contract or otherwise.

”Agent” or ”Agents” means one or more of Administrative Agent, Co-Syndication Agents and Documentation Agent.

”Agreement” means this Credit Agreement (including all schedules and exhibits hereto), as amended, modified, supplemented, extended or restated from time to time as permitted herein.

”Applicable Law” means, in respect of any Person, all provisions of constitutions, statutes, rules, regulations and orders of governmental bodies or regulatory agencies applicable to such Person, including the Licenses, the Communications Act and all Environmental Laws, and all orders, decisions, judgments and decrees of all courts and arbitrators in proceedings or actions to which the Person in question is a party or by which it is bound.

“Asset Disposition” means the disposition, whether by sale, lease, transfer, loss, damage, destruction, condemnation or otherwise, by Borrower or any of its Subsidiaries, of any of the following: (i) any of the capital stock or the ownership interests of Borrower or any of its Subsidiaries or (ii) any or all of Borrower’s or any of its Subsidiaries’ assets, other than bona fide sales of inventory to customers in the ordinary course of business, dispositions of obsolete equipment not used or useful in the business of Borrower or its Subsidiaries’ sales of Cash Equivalents for fair value and the sale of the Real Estate.

“Bankruptcy Code” means Title 11 of the United States Code entitled “Bankruptcy,” as amended from time to time or any applicable bankruptcy, insolvency or other similar federal or state law now or hereafter in effect and all rules and regulations promulgated thereunder.

“Base Rate” means a variable rate of interest per annum equal, on any day, to the higher of (i) the Prime Rate or (ii) the sum of Federal Funds Rate plus 0.50%.

“Base Rate Loans” means, at any time, the aggregate amount of all Loans then bearing interest at the rate determined by reference to the Base Rate.

“Base Rate Margin” means the applicable percent per annum determined in accordance with Subsection 1.2(B).

“Borrower Mortgage” means the security instrument, executed by Borrower in favor of Administrative Agent, for the benefit of Administrative Agent and Lenders, pursuant to which Borrower has granted, on a first priority basis, a Lien on substantially all of its now owned or hereafter acquired real property, as amended, modified, supplemented, extended or restated from time to time.

“Borrower Pledge Agreement” means the pledge agreement executed by Borrower in favor of Administrative Agent, for the benefit of Administrative Agent and Lenders, pursuant to which Borrower has pledged, as security for the Obligations, on a first priority basis, all ownership interests in the Subsidiaries that Borrower now owns or may hereafter acquire, as amended, modified, supplemented, extended or restated from time to time.

“Borrower Security Agreement” means the Security Agreement executed by Borrower in favor of Administrative Agent, for the benefit of Administrative Agent and Lenders, pursuant to which Borrower has granted, on a first priority basis, a Lien on substantially all of its now owned or hereafter acquired personal property wherever situated, as amended, modified, supplemented, extended or restated from time to time.

“Business Day” means (i) for all purposes other than as covered by clause (ii) below, any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of Colorado or the State of New York, or is a day on which banking institutions located in such state are closed or which the Federal Reserve Banks are closed, and (ii) with respect to all notices, determinations, fundings and payments in connection with LIBOR Loans, any day that is a Business Day described in clause (a) above and that is also a day for trading by and between banks in U.S. dollar deposits in the applicable interbank LIBOR market.

“Calculation Period” means each period commencing on each Adjustment Date and ending on the day preceding each subsequent Adjustment Date.

“Cash Equivalents” means: (i) marketable direct obligations issued or unconditionally guaranteed by the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one (1) year from the date of acquisition thereof; (ii) commercial paper maturing no more than one (1) year from the date issued and, at the time of acquisition, having a rating of at least A-1 from Standard & Poor’s Rating Service or at least P-1 from Moody’s Investors Service, Inc.; (iii) certificates of deposit or bankers’ acceptances maturing within one (1) year from the date of issuance thereof issued by, or overnight reverse repurchase agreements from, any commercial bank organized under the laws of the United States of America or any state thereof or the District of Columbia having combined capital and surplus of not less than \$500,000,000; and (iv) time deposits maturing no more than thirty (30) days from the date of creation thereof with commercial banks having membership in the Federal Deposit Insurance Corporation in amounts at any one such institution not exceeding the lesser of \$100,000 or the maximum amount of insurance applicable to the aggregate amount of Borrower’s deposits at such institution.

“Change in Control” means **[to be developed]**.

“Closing Date” means \_\_\_\_\_, 2002.

“Co-Syndication Agent” and “Co-Syndication Agents” means, individually, each of \_\_\_\_\_ and \_\_\_\_\_, each in its capacity as Co-Syndication Agent, and collectively, \_\_\_\_\_ and \_\_\_\_\_, in their capacities as Co-Syndication Agents.

“Collateral” means, collectively: (i) all “Collateral” as defined in the Security Documents; (ii) all real property and interests in real property mortgaged pursuant to the Security Documents; and (iii) any property or interest provided in addition to or in substitution for any of the foregoing.

“Collateral Contract Assignments” means, collectively, all collateral assignments of Material Contracts as set forth on Schedule 2.8, in form and content approved by Administrative Agent and Requisite Lenders, executed by Borrower or any of its Subsidiaries in favor of Administrative Agent, for the benefit of itself and Lenders, as required pursuant to Subsection 2.8, as amended, modified, supplemented, extended and restated from time to time.

“Communications Act” means the Communications Act of 1934, as amended and any similar or successor federal statute, and the rules and regulations of the FCC thereunder, all as the same may be in effect from time to time.

“Contingent Obligation,” as applied to any Person, means any direct or indirect liability of that Person: (i) with respect to any indebtedness, lease, dividend or other obligation of another Person if the primary purpose or intent of the Person incurring such liability, or the primary effect thereof, is to provide assurance to the obligee of such liability that such liability will be paid or discharged, or that any agreements relating thereto will be complied with, or that the holders of such liability will be protected (in whole or in

part) against loss with respect thereto; (ii) with respect to any letter of credit issued for the account of that Person or as to which that Person is otherwise liable for reimbursement of drawings; or (iii) under any foreign exchange contract, currency swap agreement, interest rate swap agreement or other similar agreement or arrangement designed to alter the risks of that Person arising from fluctuations in currency values or interest rates. Contingent Obligations shall also include (a) the direct or indirect guaranty, endorsement (other than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the obligation of another, (b) the obligation to make take-or-pay or similar payments if required regardless of nonperformance by any other party or parties to an agreement and (c) any liability of such Person for the obligations of another through any agreement to purchase, repurchase or otherwise acquire such obligation or any property constituting security therefor, to provide funds for the payment or discharge of such obligation or to maintain the solvency, financial condition or any balance sheet item or level of income of another. The amount of any Contingent Obligation shall be equal to the amount of the obligation so guaranteed or otherwise supported or, if not a fixed and determined amount, the maximum amount so guaranteed.

“Default” means a condition or event that, after notice or lapse of time or both, would constitute an Event of Default if that condition or event were not cured or removed within any applicable grace or cure period.

“Documentation Agent” means \_\_\_\_\_, in its capacity as Documentation Agent.

“EBITDA” means the sum of (a) (i) net income or deficit, as the case may be (excluding extraordinary gains, extraordinary non-cash losses, the write up of any asset and any gain or loss on the sale of assets), (ii) total interest expense (including non-cash interest), (iii) depreciation and amortization expense and (iv) cash income or franchise taxes, federal, state or local. For any period of calculation, EBITDA shall be adjusted to give effect to any acquisition, sale or other disposition of any operation or business (or any portion thereof) during the period of calculation as if such acquisition, sale or other disposition occurred on the first day of such period of calculation.

“Environmental Laws” means all applicable federal, state or local laws, statutes, rules, regulations or ordinances, codes, common law, consent agreements, orders, decrees, judgments or injunctions issued, promulgated, approved or entered thereunder relating to public health, safety or the pollution or protection of the environment, including those relating to releases, discharges, emissions, spills, leaching, or disposals of hazardous substances (including petroleum, crude oil or any fraction or derivative thereof, or other hydrocarbons) to air, water, land or ground water, to the withdrawal or use of ground water, to the use, handling or disposal of polychlorinated biphenyls, asbestos or urea formaldehyde, to the treatment, storage, disposal or management of hazardous substances (including petroleum, crude oil or any fraction or derivative thereof, or other hydrocarbons), pollutants or contaminants, to exposure to toxic, hazardous or other controlled, prohibited, or regulated substances, including, without limitation, any such provisions under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. § 9601 et seq.), and the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. § 6901 et seq.).

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“ERISA Affiliate” means any trade or business (whether or not incorporated) which is a member of a controlled group or under common control with Borrower within the meaning of Section 414(b) or (c) of the IRC (and Sections 414(m) and (o) of the IRC for purposes of provisions relating to Section 412 of the IRC).

“ERISA Event” means, with respect to Borrower, any ERISA Affiliate or any Pension Plan, the occurrence of any of the following: (a) a Reportable Event; (b) a withdrawal by a substantial employer (as defined in Section 4001(a)(12) of ERISA) subject to Section 4063 of ERISA; (c) a cessation of operations which is treated as a withdrawal under Section 4062(e) of ERISA; (d) a complete or partial withdrawal under Section 4203 or 4205 of ERISA from a Multi-employer Plan; (e) a notification that a Multi-employer Plan is in reorganization under Section 4242 of ERISA; (f) the filing of a notice of intent to terminate a Pension Plan under 4041 of ERISA; (g) the treatment of an amendment of a Pension Plan as a termination under 4041 of ERISA; (h) the termination of a Multi-employer Plan under Section 4041A of ERISA; (i) the commencement of proceedings by the PBGC to terminate a Pension Plan under 4042 of ERISA; (j) an event or condition which could reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, a Pension Plan; or (k) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA.

“Excess Cash Flow” means, for any fiscal year, EBITDA of Borrower and its Subsidiaries (after adding back any amounts deducted in determining consolidated net income or deficit which were paid, incurred or accrued in violation of any of the provisions of this Agreement plus all other cash income, including, without limitation, (i) all extraordinary or nonrecurring cash gains, (ii) business interruption insurance proceeds, and (ii) cash gains attributable to the sale of assets out of the ordinary course of business, in each case for such fiscal year and to the extent that such cash gains and insurance proceeds are not included in EBITDA for such fiscal year and are not required to be utilized in connection with a prepayment made (or to be made) by Borrower pursuant to Subsection 1.7, for such fiscal year minus Fixed Charges for such year, but only to the extent permitted by this Agreement, net changes in working capital and all dividends and distributions to shareholders of Borrower.

“Facility” or “Facilities” means one or more of the Revolving Loan Facility and the Term Loan Facilities.

“FCC” means the Federal Communications Commission, or any other similar or successor agency of the federal government administering the Communications Act.

“Federal Funds Rate” means, for any day, the rate of interest per annum (rounded upward, if necessary, to the nearest whole multiple of 1/100 of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that (i) if such day is not a Business Day, the Federal Funds Rate for such

day shall be such rate on such transactions on the next preceding Business Day and (ii) if no such rate is so published on the next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate quoted to Administrative Agent on such day on such transactions as determined by Administrative Agent.

“Fixed Charge Coverage Ratio” means the ratio, as of the date of calculation, derived by dividing (i) EBITDA by (ii) Fixed Charges, in each case as determined for the immediately preceding four fiscal quarters; provided, however, that for any dates of calculation occurring during the first three (3) fiscal quarters following the Closing Date, each such item shall be determined as follows: the first fiscal quarter multiplied by four (4), in the case of the first fiscal quarter; the first (2) fiscal quarters multiplied by two (2), in the case of the first two (2) fiscal quarters; and the first three (3) fiscal quarters multiplied by one and one third (1.334), in the case of the first three (3) fiscal quarters.

“Fixed Charges” means the sum of (i) all principal payments scheduled to be made on Indebtedness (or scheduled reductions in commitments to lines of credit to the extent such reductions would cause the repayment of principal amounts outstanding under such lines at the beginning of the applicable calculation period), plus (ii) Interest Expense, plus (iii) all cash income or franchise taxes, federal, state or local, plus (iv) all capital expenditures, plus (v) professional fees permitted by Subsection 3.10, all on a consolidated basis.

“GAAP” means generally accepted accounting principles as set forth in statements from Auditing Standards No. 69, as amended, entitled “The Meaning of ‘Present Fairly in Conformance with Generally Accepted Accounting Principles in the Independent Auditors Reports’” issued by the Auditing Standards Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board that are applicable to the circumstances as of the date of determination.

“Governmental Approvals” means all authorizations, consents, approvals, licenses and exemptions of, registrations and filings with, and reports to, all Governmental Authorities, including all Licenses.

“Governmental Authority” means any nation, province, or state or any political subdivision of any of the foregoing, and any government or any Person exercising executive, legislative, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing, including the FCC and any PUC.

“Guaranty” or “Guaranties” means one or more of those continuing guaranties, in form and content approved by Administrative Agent, executed by each of Guarantors in favor of Administrative Agent, for the benefit of Administrative Agent and Lenders, as amended, modified, supplemented, extended or restated from time to time.

“Guarantors” means those Persons set forth on Schedule 10.1(A) and any other Person that executes a Guaranty during the term of this Agreement.

“Guarantor Mortgage” or “Guarantor Mortgages” means one or more of those security instruments, in form and content approved by Administrative Agent, executed by each of Guarantors in favor of Administrative Agent, for the benefit of Administrative Agent and Lenders, pursuant to which such Guarantor has granted, on a first priority basis, a Lien on substantially all of its now owned or hereafter acquired real property, as amended, modified, supplemented, extended or restated from time to time.

“Guarantor Security Agreement” or “Guarantor Security Agreements” means one or more of those security agreements, in form and content approved by Administrative Agent, executed by each of Guarantors in favor of Administrative Agent, for the benefit of Administrative Agent and Lenders, pursuant to which such Guarantor has granted, on a first priority basis, a Lien on substantially all of its now owned or hereafter acquired personal property, wherever situated, as amended, modified, supplemented, extended or restated from time to time.

“Indebtedness,” as applied to any Person, means, without duplication: (i) all indebtedness for borrowed money; (ii) that portion of obligations with respect to capital leases or other capitalized agreements that is properly classified as a liability on a balance sheet in conformity with GAAP (including any such lease or agreement that under applicable law is not capitalized but which otherwise would be capitalized under GAAP); (iii) notes payable, acceptances, drafts or other instruments accepted representing extensions of credit whether or not representing obligations for borrowed money; (iv) any obligation owed for all or any part of the deferred purchase price of property or services, except trade payables arising in the ordinary course of business and not outstanding more than ninety (90) days after such obligation is incurred; (v) all obligations created or arising under any conditional sale or other title retention agreement; (vi) all indebtedness secured by any Lien on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is nonrecourse to the credit of that Person, but only to the extent of the fair value of such property or asset; (vii) all obligations of such Person under take-or-pay or similar arrangements or under commodities agreements; (viii) the net termination obligations of such Person under any Interest Rate Agreement, calculated as of any date as if such agreement or arrangement were terminated as of such date; (ix) the maximum amount of all standby letters of credit issued or bankers’ acceptance facilities created for the account of such Person and, without duplication, all drafts drawn thereunder (to the extent unreimbursed); (x) the principal balance outstanding under any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product; (xi) the Indebtedness of any partnership or unincorporated joint venture in which such Person is a general partner or joint venturer; (xii) obligations with respect to principal under Contingent Obligations for the repayment of money or the deferred purchase price of property, whether or not then due and payable (calculated as the maximum amount of such principal); and (xiii) obligations under partnership, organizational or other agreements to fund capital contributions or other equity calls with respect to any Person or investment, or to redeem, repurchase or otherwise make payments in respect to capital stock or other securities of such Person.

“Interest Coverage Ratio” means the ratio derived by dividing (i) EBITDA by (ii) Interest Expense (including any interest paid on account of guaranties made by Borrower and its Subsidiaries) in each case during the then most recently completed four (4) consecutive fiscal quarters; provided, however, that for any dates of calculation occurring during the first three (3) fiscal quarters following the Closing Date, each such



item shall be determined as follows: the first fiscal quarter multiplied by four (4), in the case of the first fiscal quarter; the first two (2) fiscal quarters multiplied by two (2), in the case of the first two (2) fiscal quarters; and the first three (3) fiscal quarters multiplied by one and one third (1.334), in the case of the first three (3) fiscal quarters.

“Interest Expense” shall mean, as of the date of calculation, without duplication, the aggregate amount of interest on Indebtedness and net amounts payable under Interest Rate Agreements, whether paid in cash or accrued as a liability.

“Interest Rate Agreement” means any interest rate swap, hedge, cap, collar or similar agreement or arrangement, in form and content acceptable to Administrative Agent, designed to protect Borrower against fluctuations in interest rates and will also include any arrangement that Lenders, in their sole discretion, may offer to Borrower to fix the interest rate applicable to any portions of the Loans.

“Investment” means (i) any direct or indirect purchase or other acquisition by Borrower or any of its Subsidiaries of any beneficial interest in, including stock, partnership interest or other equity securities of, any other Person; and (ii) any direct or indirect loan, advance, transfer, guarantee, assumption of liability or other obligation of liability, or capital contribution by Borrower or any of its Subsidiaries to any other Person, including all indebtedness and accounts receivable from that other Person that are not current assets or did not arise from sales to that other Person in the ordinary course of business. The amount of any Investment shall be the original cost of such Investment plus the cost of all additions thereto, without any adjustments for increases or decreases in value, or write-ups, write-downs or write-offs with respect to such Investment.

“IRC” means the Internal Revenue Code of 1986, as amended from time to time, and all rules and regulations promulgated thereunder.

“Latel Real Estate Transaction” means the sale of the four (4) buildings owned by Illinois Consolidated Telephone Company and described on Schedule 10.1(B) to Latel and the building owned by **[Consolidated Communications Market Response, Inc.]** and described on Schedule 10.1(B) to Latel for an aggregate purchase price of \$9,180,000.

“Lender” or “Lenders” means one or more of the banks or other financial institutions identified as Lenders in the first paragraph of this Agreement and their successors and permitted assigns pursuant to Subsection 8.1.

“Lender Addition Agreement” means an agreement among Administrative Agent, a Lender and such Lender’s assignee regarding their respective rights and obligations with respect to assignments of the Loans, the Loan Commitments and other interests under this Agreement and the other Loan Documents, substantially in the form of Exhibit 10.1(D).

“LIBOR” means for each applicable Interest Period, a fixed annual rate equal to: (a) the rate of interest determined by Administrative Agent at which deposits in U.S. dollars for the relevant Interest Period are offered based on information presented by the Telerate Service as quoted by the British Bankers

Association as of 11:00 a.m. (London time) on the day which is two (2) Business Days prior to the first day of such Interest Period, provided, that in the event British Bankers Association ceases to provide such quotations (as determined by Administrative Agent), then Administrative Agent will notify Borrower and Administrative Agent and Borrower will agree upon a substitute basis for obtaining such quotations, divided by (b) a number equal to 1.0 minus the aggregate (but without duplication) of the rates (expressed as a decimal fraction) of reserve requirements in effect on the day which is two (2) Business Days prior to the beginning of such Interest Period for Eurocurrency funding (currently referred to as “Eurocurrency Liabilities” in Regulation D of such Board) which are required to be maintained by a member bank of the Federal Reserve System (including, without limitation, basic, supplemental, marginal and emergency reserves under any regulations of the Board of Governors of the Federal Reserve System or other Governmental Authority having jurisdiction with respect thereto, as now and from time to time in effect); such rate to be rounded upward to the next whole multiple of one-sixteenth of one percent (0.0625%).

“LIBOR Loans” means Loans (or portions thereof as permitted hereunder) accruing interest at rates determined by reference to the LIBOR.

“LIBOR Margin” means the applicable percent per annum determined in accordance with Subsection 1.2(B).

“Licenses” means any material telephone, long distance, cellular telephone, microwave, personal communications or other telecommunications or similar license, authorization, waiver, certificate of compliance, franchise, approval or permit, whether for the acquisition, construction or operation of any Telecommunications System, granted or issued by the FCC or any applicable PUC and held or utilized by Borrower or any of its Subsidiaries, all of which are listed as of the Closing Date on Schedule 5.13(A).

“Lien” means any lien, mortgage, pledge, security interest, charge or encumbrance of any kind, whether voluntary or involuntary (including any conditional sale or other title retention agreement and any lease in the nature thereof), and any agreement to give any lien, mortgage, pledge, security interest, charge or encumbrance.

“Loan” or “Loans” means an advance or advances under the Revolving Loan Commitment or the Term Loan Commitments.

“Loan Commitment” or “Loan Commitments” means one or more of the Revolving Loan Commitment, the Term A Loan Commitment and the Term B Loan Commitment, as any such commitment is reduced from time to time as provided in this Agreement.

“Loan Documents” means, collectively, this Agreement, the Notes, the Security Documents and all other instruments, documents and agreements executed and delivered concurrently herewith or at any time hereafter to or for the benefit of Administrative Agent or any other Agent or any Lender in connection with the Loans and other transactions contemplated by this Agreement and all Interest Rate Agreements between a Lender and Borrower, all as amended, supplemented or modified from time to time.

“Material Adverse Effect” means (i) a material adverse effect upon the business, operations, properties, assets or condition (financial or otherwise) or prospects of Borrower or any of its Subsidiaries, including the assets and operations of the McLeod Entities to be acquired by Borrower, or (ii) the impairment of the ability of Borrower or any of its Subsidiaries to perform its obligations under any Loan Document to which it is a party or of Administrative Agent or any Lender to enforce any Loan Document or collect any of the Obligations. In determining whether any individual event could reasonably be expected to have a Material Adverse Effect, notwithstanding that such event does not of itself have such effect, a Material Adverse Effect shall be deemed to have occurred if the cumulative effect of such event and all other then existing events could reasonably be expected to have a Material Adverse Effect.

“Material Contracts” means (a) the Material Contracts listed on Schedule 5.17, (b) any contract or any other agreement, written or oral, of Borrower or any of its Subsidiaries involving monetary liability of or to any such Person in an amount in excess of \$1,000,000 per annum and (c) any other contract or agreement, written or oral, of Borrower or any of its Subsidiaries the failure to comply with which could reasonably be expected to have a Material Adverse Effect; provided, however, that any contract or agreement which is terminable by a party other than Borrower or any of its Subsidiaries without cause upon notice of ninety-five (95) days or less shall not be considered a Material Contract.

“Maturity Date” or “Maturity Dates” means one or both of the Term A Loan Maturity Date and the Term B Loan Maturity Date.

“McLeod Entities” means, collectively, McLeodUSA Telecommunications Services, Inc., McLeodUSA Holdings, Inc., McLeodUSA Integrated Business Systems, Inc. and McLeodUSA Market Response, Inc.

“Multi-employer Plan” means a Multi-employer plan as defined in Section 4001(a)(3) of ERISA to which Borrower or any ERISA Affiliate makes, is making, made, or was at any time during the current year or the immediately preceding six (6) years obligated to make contributions.

“Net Proceeds” means cash proceeds received by Borrower or any of its Subsidiaries from any debt or equity issuance or any Asset Disposition (including insurance proceeds, awards of condemnation, and payments under notes or other debt securities received in connection with any Asset Disposition), net of (i) the costs of such sale, lease, transfer or other disposition (including taxes attributable to such sale, lease, transfer or issuance) and (ii) amounts applied to repayment of Indebtedness (other than the Obligations) secured by a Lien on the asset or property disposed.

“Note” or “Notes” means one or more of the Revolving Notes and the Term Notes.

“Obligations” means all obligations, liabilities and indebtedness of every nature of Borrower from time to time owed to Administrative Agent or any Lender under the Loan Documents including the principal amount of all debts, claims and indebtedness, accrued and unpaid interest and all fees, costs and expenses thereunder, whether primary, secondary, direct, contingent, fixed or otherwise, heretofore, now and/or from time to time hereafter owing, due or payable, or any combination thereof whether before or after the filing of a proceeding under the Bankruptcy Code by or against Borrower or any of its Subsidiaries.

“Parent” means Consolidated Holdings, Inc.

“Parent Pledge Agreement” means the pledge agreement executed by the Parent in favor of Administrative Agent, for the benefit of Administrative Agent and Lenders, pursuant to which the Parent has pledged, as security for the Obligations, on a first priority basis, all stock in Borrower the Parent now owns or may hereafter acquire, as such agreement may be amended, modified, supplemented, extended or restated from time to time.

“PBGC” means the Pension Benefit Guaranty Corporation or any Person succeeding to the functions thereof.

“Pension Plan” means a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA which Borrower or an ERISA Affiliate sponsors, maintains, or to which it makes, is making, or is obligated to make contributions or, in the case of a Multi-employer Plan, has made contributions at any time during the current year or the immediately preceding six (6) plan years.

“Permitted Encumbrances” means the following:

(1) Liens for taxes, assessments or other governmental charges not yet due and payable or Liens for taxes, assessments or other governmental charges due and payable if the same are being diligently contested in good faith and by appropriate proceedings and then only if and to the extent that adequate reserves therefor are maintained on the books of Borrower, its Subsidiaries or any Guarantor, as applicable, in accordance with GAAP;

(2) statutory Liens of landlords, carriers, warehousemen, mechanics, materialmen and other similar liens imposed by law, which are incurred in the ordinary course of business for sums not more than sixty (60) days delinquent or which are being diligently contested in good faith; provided that a reserve or other appropriate provision shall have been made therefor and the aggregate amount of liabilities secured by such Liens is less than \$100,000;

(3) Liens incurred or deposits made in the ordinary course of business in connection with workers’ compensation, unemployment insurance and other types of social security (other than any Lien imposed by the Employee Retirement Income Security Act of 1974 or any rule or regulation promulgated thereunder), or to secure the performance of tenders, statutory obligations, surety, stay, customs and appeal bonds, bids, leases, government contracts, trade contracts, performance and return of money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(4) deposits, in an aggregate amount not to exceed \$100,000, made in the ordinary course of business to secure liability to insurance carriers;

(5) any attachment or judgment Lien which, individually or when aggregated, does not constitute an Event of Default under Subsection 6.1(I)(whether individually or when aggregated with other such Liens);

(6) easements, rights of way, restrictions and other similar charges or encumbrances not interfering in any material respect with the ordinary conduct of the business of Borrower or any of its Subsidiaries or materially adversely affecting the value of any Collateral;

(7) Liens in favor of Administrative Agent, for the benefit of Agents and Lenders;

(8) Liens in favor of CoBank as set forth in Subsection 2.7; and

(9) Liens securing purchase money security agreements and capital leases permitted under Subsection 3.1(C), provided that such Liens do not encumber any property other than the items purchased with the proceeds of such Indebtedness or leased pursuant to such Indebtedness and such liens do not secure any amounts other than amounts necessary to purchase or lease such items.

“Person” means and includes natural persons, corporations, limited liability companies, limited partnerships, limited liability partnerships, general partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities, and governments and agencies and political subdivisions thereof and their respective permitted successors and assigns (or in the case of a governmental person, the successor functional equivalent of such Person).

“Plan” means an employee benefit plan (as defined in Section 3(3) of ERISA) which Borrower or an ERISA Affiliate sponsors or maintains or to which Borrower or an ERISA Affiliate makes, is making, or is obligated to make contributions and includes any Pension Plan.

“Prime Rate” means, a variable rate of interest per annum equal, on any day, to the rate of interest published on such day in the Eastern Edition of *The Wall Street Journal* as the average prime lending rate for 75% of the United States’ 30 largest commercial banks, or if the Eastern Edition of *The Wall Street Journal* or such rate is not published on such day, such rate as last published in the Eastern Edition of *The Wall Street Journal*. In the event the Eastern Edition of *The Wall Street Journal* ceases to publish such rate or an equivalent, the term “Prime Rate” shall be determined by reference to such other regularly published prime rate based upon any averaging of such 30 banks, as Administrative Agent shall determine, or if no such published average prime rate is available, then the term “Prime Rate” shall mean a variable rate of interest per annum as determined by Administrative Agent equal to the highest of the “prime rate,” “reference rate,” “base rate” or other similar rate announced from time to time by any of JP Morgan and Citibank as selected by Administrative Agent (with the understanding that any such rate may merely be a reference rate and may not necessarily represent the lowest or best rate actually charged to any customer by such bank). Any change in the “Prime Rate” shall be automatic, without the necessity of notice being provided to Borrower or any other party.

“Pro Forma Debt Service Coverage Ratio” means, as of the date of calculation, the ratio derived by dividing (i) the result of (a) EBITDA minus (b) cash income or franchise taxes, federal, state or local, each determined for the most recently completed four (4) fiscal quarters, by (ii) the sum of: (a) all principal payments scheduled to be made on Indebtedness (or scheduled reductions in commitments on lines of credit to the extent such reductions would cause the repayment of principal amounts outstanding under such lines

at the beginning of the applicable calculation period) as determined for the immediately succeeding four (4) fiscal quarters plus (b) Pro Forma Interest Expense; provided, however, that for any dates of calculation occurring during the first three (3) fiscal quarters following the Closing Date, clause (i) above shall be determined as follows: the first fiscal quarter multiplied by four (4), in the case of the first fiscal quarter; the first two (2) fiscal quarters multiplied by two (2), in the case of the first two (2) fiscal quarters; and the first three (3) fiscal quarters multiplied by one and one third (1.334), in the case of the first three (3) fiscal quarters.

“Pro Forma Interest Expense” means, as of the date of calculation, the interest expense calculated to be due and payable on Indebtedness during the succeeding four (4) fiscal quarters in accordance with the following formula:

$(A+B)/2 \times C$ , whereby:

A = Indebtedness

B = A minus all principal payments scheduled (or scheduled reductions in commitments on lines of credit to the extent such reductions would cause the repayment of principal amounts outstanding under such lines) to be made on Indebtedness during the succeeding 12 months.

C = The LIBOR plus the applicable LIBOR Margin for an Interest Period of 3 months, determined as of the date of calculation.

“Pro Rata Share” means (i) with respect to matters relating to a particular Loan Commitment, the percentage obtained by dividing (a) the commitment of a Lender under such Loan Commitment by (b) all commitments of all Lenders under such Loan Commitment and (ii) with respect to all other matters, including, without limitation, for purposes of the definition of “Requisite Lenders,” the percentage obtained by dividing (a) the aggregate Total Lender Loan Commitments of a Lender by (b) the aggregate Total Lender Loan Commitments of all Lenders, in either case as such percentage may be adjusted by assignments permitted pursuant to Subsection 8.1; provided, however, if any Loan Commitment is terminated pursuant to the terms hereof, in lieu of commitments, the calculation of clauses (i) and (ii) above, as they relate to or include such Loan Commitment, shall be based on the aggregate amount of such Lender’s outstanding loans related to such Loan Commitment and the aggregate amount of all outstanding loans related to such Loan Commitment.

“Projections” means, for Borrower and each of its Subsidiaries, (i) operating and capital assets budgets and (ii) cash flow statements, all prepared on a consistent basis with Borrower’s or such Subsidiaries’ historical financial statements, together with appropriate supporting details and a statement of underlying assumptions. The Projections represent and will represent as of the date thereof the good faith estimate of Borrower and its senior management concerning the course of its business.

“PUC” means any state, provincial or other local regulatory agency or body that exercises jurisdiction over the rates or services or the ownership, construction or operation of any

Telecommunications System or over Persons who own, construct or operate a Telecommunications System, in each case by reason of the nature or type of the business subject to regulation and not pursuant to laws and regulations of general applicability to Persons conducting business in any such jurisdiction.

“Reportable Event” means any of the events set forth in Section 4043(b) of ERISA or the regulations thereunder, other than any such event for which the thirty (30) day notice requirement under ERISA has been waived in regulations issued by the PBGC.

“Requisite Lenders” means Lenders who have in the aggregate Pro Rata Shares greater than fifty-one percent (51%).

“Restricted Junior Payment” means: (i) any dividend or other distribution, direct or indirect, on account of any equity interest in Borrower, including any ownership interest and any shares of any class of stock of Borrower now or hereafter outstanding, except a dividend payable solely in shares of a class of stock to the holders of that class; (ii) any redemption, repurchase, conversion, exchange, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any equity interest in Borrower, including any ownership interest and any shares of any class of stock of Borrower now or hereafter outstanding; (iii) any payment or prepayment of interest on, principal of, premium, if any, redemption, repurchase, conversion, exchange, purchase, retirement, defeasance, sinking fund or similar payment with respect to, any Indebtedness subject to subordination provisions for the benefit of Administrative Agent and Lenders; and (iv) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire any equity interest in Borrower, including any ownership interest and any shares of any class of stock of Borrower now or hereafter outstanding.

“Revolving Loan” or “Revolving Loans” means an advance or advances under the Revolving Loan Commitment.

“Revolving Loan Commitment” means, initially, \$5,000,000, as such amount is reduced from time to time as provided in this Agreement.

“Revolving Loan Expiration Date” means the earlier of (i) the suspension (subject to reinstatement) of the Lenders’ obligations to make Loans pursuant to Subsection 6.2, (ii) the acceleration of the Obligations pursuant to Subsection 6.3 or (iii) June 30, 2011.

“Revolving Loan Facility” means, the revolving loan credit facility extended to Borrower pursuant to Section 1.1(C).

“Revolving Note” or “Revolving Notes” means one or more of the notes of Borrower substantially in the form of Exhibit 10.1(A), or any combination thereof, and any replacements, restatements, renewals or extensions of any such notes, in whole or in part.

“Security Documents” means, collectively, all instruments, documents and agreements executed to provide collateral security with respect to the Obligations, including, without limitation, the Borrower Mortgage, the Borrower Security Agreement, the Borrower Pledge Agreement, the Guaranties, the Guarantor Mortgages, the Guarantor Security Agreements, the Parent Pledge Agreement, the Collateral

Contract Assignments and all instruments, documents and agreements executed pursuant to the terms of the foregoing, in such case, as amended and supplemented from time to time.

“Security Interest” means all Liens in favor of Administrative Agent, for the benefit of Administrative Agent and Lenders, created hereunder or under any of the Security Documents to secure the Obligations.

“Subsidiary” means, with respect to any Person, any corporation, partnership, association or other business entity of which more than fifty percent (50%) of the total voting power of shares of stock (or equivalent ownership or controlling interest) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof.

“Telecommunications System” means a telephone, long distance, internet, data services, video and satellite services, wireless telecommunications, telephone directories, fiber and cable leasing, telecommunications equipment, including hand sets, rental, leasing, installation, selling or maintenance system or business and shall include a microwave system or a paging system operated in connection with (and in the same general service area as) any of the foregoing systems, and businesses related thereto.

“Term A Loan” means the Loan under the Term A Loan Commitment.

“Term A Loan Commitment” means \$120,000,000.

“Term A Loan Facility” means the term loan credit facility extended to Borrower pursuant to Subsection 1.1(A).

“Term A Loan Maturity Date” means the earlier of (i) the acceleration of the Obligations pursuant to Subsection 6.3 or (ii) June 30, 2011.

“Term A Loan Note” or “Term A Loan Notes” means one or more of the notes of Borrower substantially in the form of Exhibit 10.1(B), or any combination thereof, and any replacements, restatements, renewals or extensions of any such notes, in whole or in part.

“Term B Loan” means the Loan under the Term B Loan Commitments.

“Term B Loan Commitment” means \$70,000,000.

“Term B Loan Facility” means the term loan credit facility extended to Borrower pursuant to Subsection 1.1(B).

“Term B Loan Maturity Date” means the earlier of (i) the acceleration of the Obligations pursuant to Subsection 6.3 or (ii) September 30, 2012.



“Term B Loan Note” or “Term B Loan Notes” means one or more of the notes of Borrower substantially in the form of Exhibit 10.1(C), or any combination thereof, and any replacements, restatements, renewals or extensions of any such notes, in whole or in part.

“Term Loan Commitments” means, collectively, the Term A Loan Commitment and the Term B Loan Commitment.

“Term Loan Facilities” means, collectively, the Term A Loan Facility and the Term B Loan Facility.

“Term Loans” means, collectively, the Term A Loan and the Term B Loan.

“Term Note” or “Term Notes” means one or more of the Term A Loan Notes and the Term B Loan Notes.

“Total Lender Loan Commitment” means the aggregate commitments of any Lender with respect to the Revolving Loan Commitment and the Term Loan Commitments.

“Total Leverage Ratio” means, for any period, the ratio derived by dividing all Indebtedness as of the last day of the applicable period by EBITDA, in each case as determined for the immediately preceding four fiscal quarters; provided, however, that for any dates of calculation occurring during the first three (3) fiscal quarters following the Closing Date, each such item shall be determined as follows: the first fiscal quarter multiplied by four (4), in the case of the first fiscal quarter; the first two (2) fiscal quarters multiplied by two (2), in the case of the first two (2) fiscal quarters; and the first three (3) fiscal quarters multiplied by one and one third (1.334), in the case of the first three (3) fiscal quarters.

10.2 Other Definitional Provisions. References to “Sections,” “Subsections,” “Exhibits” and “Schedules” shall be to Sections, Subsections, Exhibits and Schedules, respectively, of this Agreement unless otherwise specifically provided. Any of the terms defined in Subsection 10.1 may, unless the context otherwise requires, be used in the singular or the plural depending on the reference. In this Agreement, “hereof,” “herein,” “hereto,” “hereunder” and the like mean and refer to this Agreement as a whole and not merely to the specific section, paragraph or clause in which the respective word appears; words importing any gender include the other gender; references to “writing” include printing, typing, lithography and other means of reproducing words in a tangible visible form; the words “including,” “includes” and “include” shall be deemed to be followed by the words “without limitation”; references to agreements and other contractual instruments shall be deemed to include subsequent amendments, assignments, and other modifications thereto, but only to the extent such amendments, assignments and other modifications are not prohibited by the terms of this Agreement or any other Loan Document; references to Persons include their respective permitted successors and assigns or, in the case of governmental Persons, Persons succeeding to the relevant functions of such Persons; and all references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations.

[Signatures Begin on Following Page]



Credit Agreement/Consolidated Communications, Inc.

Witness the due execution hereof by the respective duly authorized officers of the undersigned as of the date first written above.

**CONSOLIDATED COMMUNICATIONS,  
INC.,** as Borrower

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

[Signatures Continued on Following Page]

[Signatures Continued from Previous Page]

Commitment to make Term A Loans:  
Pro Rata Share of Term A Loan Commitment:

**COBANK, ACB**, as Administrative Agent  
and a Lender

Commitment to make Term B Loans:  
Pro Rata Share of Term B Loan Commitment:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Commitment to make Revolving Loans:  
\$5,000,000

Pro Rata Share of Revolving Loan  
Commitment: 100%

Address: CoBank, ACB  
5500 South Quebec Street  
Greenwood Village, Colorado 80111  
Attn: Communications & Energy Banking  
Group  
Fax: (303) 224-2639

Total Lender Loan Commitment:  
  
Pro Rata Share of Term Loan Commitments  
and Revolving Loan Commitment:

[Signatures Continued on Following Page]

[Signatures Continued from Previous Page]

Commitment to make Term A Loans: \_\_\_\_\_, as Co-Syndication Agent  
and a Lender

Pro Rata Share of Term A Loan Commitment:

Commitment to make Term B Loans: By: \_\_\_\_\_

Pro Rata Share of Term B Loan Commitment: Name: \_\_\_\_\_

Title: \_\_\_\_\_

Commitment to make Revolving Loans:

Address:

Pro Rata Share of Revolving Loan  
Commitment:

Total Lender Loan Commitment:

Pro Rata Share of Term Loan Commitments  
and Revolving Loan Commitment:

[Signatures Continued on Following Page]

[Signatures Continued from Previous Page]

Commitment to make Term A Loans: \_\_\_\_\_, as Co-Syndication Agent  
and a Lender

Pro Rata Share of Term A Loan Commitment:

Commitment to make Term B Loans: By: \_\_\_\_\_

Pro Rata Share of Term B Loan Commitment: Name: \_\_\_\_\_

Title: \_\_\_\_\_

Commitment to make Revolving Loans:

Address:

Pro Rata Share of Revolving Loan  
Commitment:

Total Lender Loan Commitment:

Pro Rata Share of Term Loan Commitments  
and Revolving Loan Commitment:

[Signatures Continued on Following Page]

[Signatures Continued from Previous Page]

Commitment to make Term A Loans: \_\_\_\_\_, as Documentation Agent  
and a Lender

Pro Rata Share of Term A Loan Commitment:

Commitment to make Term B Loans: By: \_\_\_\_\_

Pro Rata Share of Term B Loan Commitment: Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Commitment to make Revolving Loans: Address:

Pro Rata Share of Revolving Loan  
Commitment:

Total Lender Loan Commitment:

Pro Rata Share of Term Loan Commitments  
and Revolving Loan Commitment:

## EXHIBIT 1.3

### CONSOLIDATED COMMUNICATIONS, INC.

#### FORM OF NOTICE OF BORROWING/CONVERSION/CONTINUATION

CoBank, ACB, as Administrative Agent  
5500 S. Quebec Street  
Greenwood Village, Colorado 80111  
Attention: Terry Fountain

Ladies and Gentlemen:

Pursuant to the Credit Agreement, dated as of \_\_\_\_\_, 2002 (as such loan agreement may hereafter be amended, modified or supplemented, the "Credit Agreement") among Consolidated Communications, Inc. ("Borrower"), CoBank, ACB, as Administrative Agent ("Administrative Agent") and a Lender, \_\_\_\_\_, as Co-Syndication Agent and a Lender, \_\_\_\_\_, as Co-Syndication Agent and a Lender, \_\_\_\_\_, as Documentation Agent and a Lender, and the other Lenders as may become a party thereto from time to time, Borrower hereby requests that Administrative Agent take the actions indicated below. Capitalized terms used but not defined herein have the meanings given to them in the Credit Agreement.

**Note:** The following requirements apply to all requests:

- Requests must be made no later than 11:00 a.m. (Denver time) on a Business Day.
- Requests must be made at least three (3) Business Days in advance of the proposed borrowing, conversion or continuation date.
- LIBOR Loans under the Term Loan Facilities must be in a minimum amount of \$5,000,000 and whole multiples of \$1,000,000 in excess of \$5,000,000.
- LIBOR Loans under the Revolving Loan Facility must be in a minimum amount of \$1,000,000 and whole multiples of \$500,000 in excess of \$1,000,000.
- No more than an aggregate of five (5) LIBOR Loans under the Term Loan and an aggregate of three (3) LIBOR Loans under the Revolving Loan Facility may be outstanding at any one time.

\_\_\_\_ **REQUEST FOR BORROWING:**



Borrower hereby requests an advance under the [**Term A/Term B/Revolving**] Loan Facility in the amount of \$\_\_\_\_\_, to be made on [**insert date**] \_\_\_\_\_ and to bear interest pursuant to the interest rate option(s) checked below [**check all applicable**]:

\_\_\_ Term A Loan Facility

\_\_\_ Base Rate Loan in the principal amount of \$\_\_\_\_\_

\_\_\_ LIBOR Loan option in the principal amount of \$\_\_\_\_\_, for an Interest Period of [**check one:**]

\_\_\_1 month \_\_\_2 months \_\_\_3 months \_\_\_6 months

\_\_\_ Term B Loan Facility

\_\_\_ Base Rate Loan in the principal amount of \$\_\_\_\_\_

\_\_\_ LIBOR Loan option in the principal amount of \$\_\_\_\_\_, for an Interest Period of [**check one:**]

\_\_\_1 month \_\_\_2 months \_\_\_3 months \_\_\_6 months

\_\_\_ Revolving Loan Facility

\_\_\_ Base Rate Loan in the principal amount of \$\_\_\_\_\_

\_\_\_ LIBOR Loan option in the principal amount of \$\_\_\_\_\_, for an Interest Period of [**check one:**]

\_\_\_1 month \_\_\_2 months \_\_\_3 months \_\_\_6 months

In connection with such request, Borrower hereby certifies as follows:

- (a) The Revolving Loan Commitment as reduced pursuant to the Loan Agreement is \$\_\_\_\_\_;
- (b) The aggregate principal balance of Revolving Loans outstanding (not including this requested Revolving Loan) is \$\_\_\_\_\_;
- (c) Therefore, the remaining Revolving Loan Commitment is \$\_\_\_\_\_ ( (a) minus (b)).

\_\_\_ **REQUEST FOR CONVERSION:**

Borrower hereby requests that the following Loan(s) be converted to [**a**] new interest rate option[s] as indicated [**check all applicable**]:

Description of Loan(s) to be Converted [check one]:

\_\_\_ On [insert date] \_\_\_\_\_, convert \$\_\_\_\_\_ of the Base Rate Loan under the \_\_\_\_\_ [Term A/Term B/Revolving] Loan Facility.

\_\_\_ Upon expiration of its current Interest Period, convert the LIBOR Loan under the \_\_\_\_\_ [Term A/Term B/Revolving] Loan Facility in the principal amount of \$\_\_\_\_\_, the Interest Period for which expires on [insert date]: \_\_\_\_\_.

Description of New Loan(s) [check all applicable]:

\_\_\_ to a Base Rate Loan in the principal amount of \$\_\_\_\_\_

\_\_\_ to a LIBOR Loan in the principal amount of \$\_\_\_\_\_, for an Interest Period of [check one]:

\_\_\_1 month \_\_\_2 months \_\_\_3 months \_\_\_6 months

\_\_\_ **REQUEST FOR CONTINUATION:**

Borrower hereby requests that the interest rate option(s) applicable to the following loan(s) be continued as indicated:

\_\_\_ Upon expiration of its current Interest Period, continue the LIBOR Loan under the \_\_\_\_\_ [Term A/Term B/Revolving] Loan Facility in the principal amount of \$\_\_\_\_\_, the current Interest Period for which expires on [insert date]\_\_\_\_\_, for a new Interest Period of:

\_\_\_1 month \_\_\_2 months \_\_\_3 months \_\_\_6 months

**[If a new borrowing: The borrowing will be used for the following purpose: [PLEASE PROVIDE PURPOSE]].**

The undersigned hereby certifies that, both before and after giving effect to the borrowing, conversion or continuation request above (i) all of the representations and warranties contained in the Loan Agreement and the other Loan Documents, together with all supplemental disclosures delivered to Administrative Agent prior to the date hereof, are true, correct and complete in all material respects as of the date hereof, except for any representation or warranty limited by its terms to a specific date, (ii) no Default or Event of Default has occurred and is continuing on the date hereof, (iii) since December 31, **[insert year of most recent annual financial statement]**, there has not occurred any event or condition that has had or would reasonably be expected to have a Material Adverse Effect and (iv) the undersigned is authorized to execute and deliver this Notice on behalf of Borrower.

**CONSOLIDATED COMMUNICATIONS,  
INC.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **SCHEDULE 10.1(A)**

### **Guarantors**

Illinois Consolidated Telephone Company

Consolidated Communications Market Response, Inc. (formerly known as Consolidated Market Response, Inc.)

Consolidated Communications Public Services, Inc. (formerly known as McLeodUSA Public Services, Inc.)

Consolidated Communications Operator Services, Inc.

Consolidated Communications Mobile Services, Inc.

Consolidated Communications Business Systems, Inc.

Consolidated Communications Network Services, Inc.